

Moscow hopes ad luck is past

Russian stocks have been hit hard since the start of the year, but there is a glimmer of hope that the market is beginning to recover. The Moscow Exchange has seen a slight uptick in trading volume, and some analysts believe that the market is beginning to stabilize. However, the overall outlook remains uncertain, with many factors still weighing on the market. The Russian government has implemented several measures to support the economy, but the impact on the stock market has been mixed. Investors are watching closely for any signs of a sustained recovery.

Alitalia
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Understanding
ance

J.P. Morgan



Another Turkey
'We might be talking about fabulous food - but we're not talking about that bird...'



More champagne?
'By the second decade of the 21st century, real fizz will be even more of a luxury than it is today'

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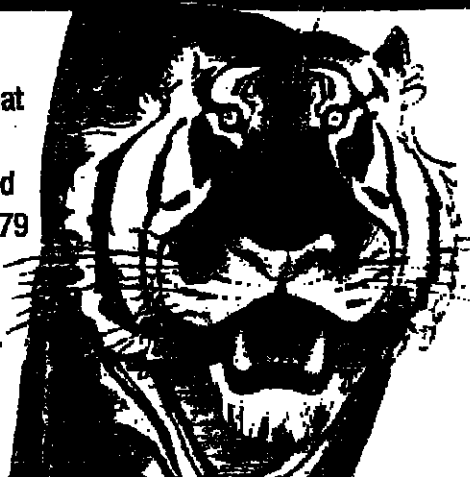
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DECEMBER 20 / DECEMBER 21 1997

The Year Zero

The Asian tigers want to know who or what should they target? Paul Erdman, acclaimed author of *The Crash of '79* and *The Panic of '89*, starts a two-part thriller in today's Weekend FT that leads to the crisis of '98.



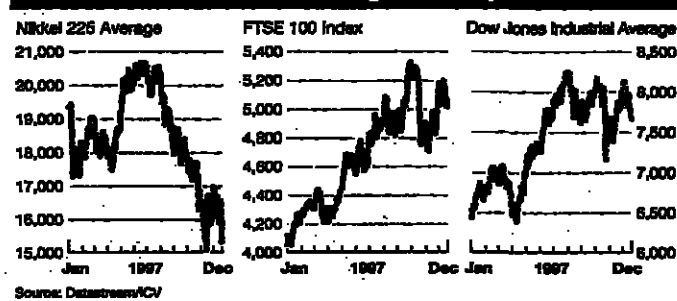
World markets down on further turmoil in Japan and Nike profits warning Earnings fears spark Dow fall

By Philip Coggan and Simon Davies in London

Renewed fears about the outlook for corporate earnings in the US and further financial turmoil in Japan sent stock markets round the world tumbling yesterday. On Wall Street, the Dow Jones Industrial Average fell nearly 270 points at one stage yesterday, as investors became increasingly concerned that the crisis in Asia, and more difficult conditions in the domestic market, would slow profits growth. The Dow recovered some of its losses to be 111.88 points down at 7,734.62 by 1pm New York time.

A profits warning, late on Thursday, from Nike hit shares in the sportswear company, which dropped by 12 per cent in morning trading yesterday. Markets had already been alarmed by a warning earlier in the week from Minnesota Mining & Manufacturing which mined not only the Asian crisis

New uncertainties rattle global equities



becoming aware of the other side of the coin, the bad news for corporate earnings." Data from the US mutual fund industry released yesterday also showed that investors pulled their money out of equity mutual funds for the second successive week. Figures from AMG Data showed stock funds saw net outflows of \$868m in the week ending December 17, following a deficit of \$1.25bn the previous week. The willingness of private investors to put money into equities via mutual funds has been cited as one of the key factors supporting the US stock market in recent years.

The FTSE 100 index fell 148.1 points to 5,020.2. The Amsterdam market fell 3 per cent and shares dropped by 2.5 per cent in both Paris and Frankfurt.

Emerging market bonds also suffered from investors' so-called flight to safety. Sentiment was hit hard as Standard & Poor's, the US credit rating agency, put Russia's sovereign debt rating on negative outlook to reflect the country's "worsening fiscal pressures". At 1.30pm New York time, Russia's principal notes had fallen \$2.50 or more than 4 per cent to \$82, while Brady bonds were lower across the board.

Russian debt ratings downgraded, Germany will weather Asia financial storms, Page 2; Kim promises to implement IMF terms, Page 3; Editorial Comment, Page 6; Bonds, Page 8; Currencies, Page 8; London stocks, Page 21; Lex, Page 24

New collapse hits Tokyo emergency package

By Paul Abrahams and Gillian Tett in Tokyo

Fears of further corporate bankruptcies and a plunge in the Tokyo stock market knocked the credibility of the Japanese government's emergency economic measures yesterday. The collapse of Toshoku, a medium-sized commodities trading company, after the company complained it had been the victim of a credit crunch, triggered a 5.2 per cent fall in the Nikkei 225 index to 15,314, its second lowest close this year.

The Nikkei index is below its level before the two-stage tax cuts package was announced. Nevertheless, Kaneko Muraoka, chief cabinet secretary, said the government was not considering additional measures to boost the economy. The commodities group's collapse - quickly dubbed the Toshoku shock by the Japanese media - raised fears there could be a spate of bankruptcies caused by banks tightening lending. Japanese banks are being squeezed by high levels of bad debts, stricter loan regulations due to be introduced next year, the fall in the value of their share portfolios and the high cost of borrowing in the short and long-term money markets.

had shape the economy is in, as well as the extent of the credit crunch," said Peter Tasker, strategist at Dresdner Kleinwort Benson in Tokyo. Tetsuya Sato, president of Toshoku, said: "We were unimpaired by waves of financial institutions seeking to reduce their loan assets and we felt we could no longer stay afloat." The group filed for protection from creditors on Thursday. If it is formally declared bankrupt, it will be the fourth-largest since the second world war. Investors yesterday sold shares in other groups that might be vulnerable to tighter lending. The banking sector also fell, down 5.7 per cent on fears that bankruptcies could hit the banks' balance sheets. Sakura Bank said it would write off at least ¥124bn (\$861m) of loans to Toshoku. The bank would cover the losses by selling some of its share portfolio. Moody's, the US ratings agency, said it was considering downgrading Sakura's debt. Yasuda Trust said it had ¥37.7bn of outstanding loans to Toshoku. Concerns about the economy continued to undermine the yen. Although Robert Rubin, US Treasury secretary, said he supported Japanese intervention against the dollar, the yen slipped below ¥129 to the dollar in spite of massive intervention by the Bank of Japan yesterday. Analysts said the market was fearful of more banking turmoil following last month's bankruptcy of Hokkaido Tokai Bank. They noted that the Ministry of International Trade and Industry had said yesterday there

were too many banks in Japan. Shares in Fuji Bank fell 12.7 per cent amid Japanese media reports that it was under pressure to merge with Sanwa Bank - a move opposed by Sanwa. Fuji's related companies also fell yesterday. Yasuda Trust dropped 11 per cent to ¥135 while another affiliate, the construction company Tokyo Tatemono, plunged 20 per cent to ¥190. The economic environment in which the banks have to operate was underlined when carmaker Toyota said its November production was down 11.4 per cent year on year. Nissan's fell 7.5 per cent and Mazda's 2.5 per cent. Home sales at the three motor groups were down 26 per cent, 22 per cent and 29 per cent respectively.

News General

Kim backs IMF rescue

South Korea's president-elect Kim Dae-jung said he would implement the tough terms of the IMF's \$57bn bail-out in spite of criticising them during his campaign. But overseas investors responded warily to his victory, with spreads for the state-run Korea Development Bank bonds widening by more than 100 basis points. Page 3; Man in the News, Page 7; World stocks, Page 21

Sony co-founder Masaru Ibuka dies

Masaru Ibuka, who developed tape recorders, transistor radios and televisions and co-founded Sony, has died, aged 89. He was credited with leading postwar Japan's efforts to create products that broke the tradition of merely copying technologies and ideas from the west. Sony president Nobuyuki Idei said: "Ibuka has been at the heart of Sony's philosophy. He sowed the seeds of deep conviction that our products must bring joy and fun to users." Page 15

Mexico's kidnappers grow over bolder

Kidnapping in Mexico is such a growth industry that gangs are encouraging junior members to snatch "soft targets" such as dogs to give them some early experience. Among Mexico's executives, the fear of kidnap verges on hysteria - and justifiably so. Page 4

Italy's dairy farmers take to the streets

Italy's dairy farmers, enraged at being told that they rather than the state should pay EU overproduction fines, have taken to the streets. Last Sunday they began their campaign by dragging Ercolina - a huge black and white cow who is now a national celebrity - into Vatican City, just as the Pope was delivering his traditional weekly benediction. Page 2

Thabo Mbeki

Barring accidents, Thabo Mbeki will become president of South Africa in 1999. He is well aware that he can never reassure the white population as Nelson Mandela has done. The constituency that will ensure his election, or threaten his premiership, is essentially black. And it is a constituency that is becoming more restless as the economic fruits of political power prove slow to ripen. Page 7



News Business

JCI's Khumalo steps down

Mzi Khumalo has stepped down as executive chairman of JCI, the South African mining house - the latest setback to his project to use the embattled group as a vehicle for black economic empowerment. The company said his resignation was a "temporary" measure, but analysts were split over the chances of him again taking up the reins of the once-mighty group. Page 24

Bayer shelve Taiwan factory plan

German chemicals company Bayer has suspended talks on a controversial project for a \$1.5bn petrochemical plant in Taiwan, saying it would start work on plans to move the project to Texas instead. Bayer was frustrated by Taiwan's delay in agreeing the plant, but the decision is a blow to its plans because it wanted to use the facility as the hub for its Asian polyurethane business. Page 24

UK clears way for PacificCorp bid

The UK's trade and industry secretary Margaret Beckett has cleared the way for US electricity utility PacificCorp to rebid for Energy Group, the Anglo-American energy company. Her decision was seen by industry analysts as opening the way to further mergers in the sector next year. Oregon-based PacificCorp said it welcomed the "unconditional approval from the government that would allow it to make a new bid". Page 22

Generali to take over German insurer AMB

Italian insurance group Generali is to launch a FF210-a-share takeover of the German insurer AMB, valuing it at about FF11bn, (\$1.8bn), under a "peace treaty" allowing Allianz of Germany to take control of France's AGF. It opens the way for Generali to withdraw its hostile FF65bn bid for AGF, allowing Allianz to proceed with its friendly takeover of the French group.

Eurotunnel is granted licence extension

Eurotunnel has resolved the last of its many problems, by extracting a concession from the UK and French governments to extend its operating licence from 2002 to 2008. In return it will hand over 40 per cent of its after-tax profits to the two governments from 2002. And Eurotunnel has also ended its long-running dispute with TML, its rolling-stock supplier. Page 24 and Lex

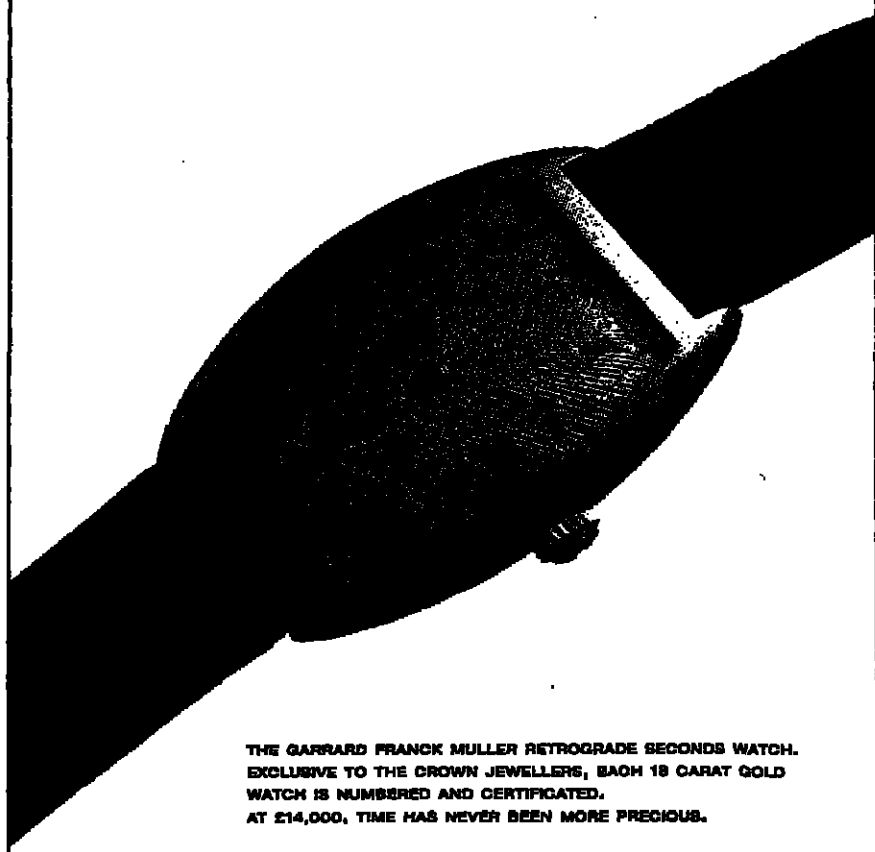
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Dubai 15.00	Egypt 15.00	France 15.00
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India 15.00	Indonesia 15.00	Italy 15.00
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NEWS: INTERNATIONAL

Kosovo's Albanian rebels take up arms

Guy Dinmore reports from Lausa, Serbia, on a fresh outbreak of ethnic violence in Yugoslavia

Three weeks after Halit Geci, an ethnic Albanian teacher, was shot dead by Serbian police, the menfolk of his clan still assemble each day to greet the thousands of visitors bearing messages of condolence.

Sitting cross-legged on rugs in the main family room where women traditionally do not enter, more than 20 men of all ages take turns to eulogise the dead man.

In what amounts to a council of war the elders explain why the villagers of Lausa can no longer tolerate what they see as decades of oppression by the Serbian occupiers of their lands.

The events surrounding Geci's death may well prove to be a turning point in the turbulent history of Kosovo, the poorest corner in the south of Serbia, where ethnic Albanians make up 90 per cent of its two million people and overwhelmingly demand independence from Belgrade.

A rebel movement is being born in the untamed hills surrounding Lausa, just 50 minutes drive from the provincial capital, Pristina. Local people refer to a cluster of villages up mud tracks beyond Lausa as "liberated areas" where the Serbian security forces normally dare not enter.

It was on November 25 that police made a rare foray into the village of Vojnik to enforce the collection of taxes. They came under a hail of gunfire and retreated. The next day they returned in force only to find their way blocked.

Guns in the hills opened fire with rocket propelled grenades and automatic weapons. After several hours of sporadic shooting the Serbian column turned back, firing at random into farmhouses, a shop, a mosque and the school where Geci

was hit.

Local journalists and politicians say 20,000 people attended his funeral. Among them, to the amazement and delight of the crowd, were three men in army fatigues with submachineguns. One of them declared they were members of the Kosovo Liberation Army and were there to fight for independence. The crowd chanted UCK, the Albanian acronym for the rebel group, which had never appeared in public before.

Little is known about the UCK, which has claimed responsibility for a string of attacks on police stations and Albanians regarded as collaborators. But villagers clearly sympathise with the group.

"Sufferings are not strange to us," said one of Geci's relatives. "But finally there are young men who think differently. I don't know who they are or what they do but it is clear that the oppression is no longer bearable."

Funded and organised by the large Albanian diaspora in Germany and Switzerland, the UCK, with perhaps 200 or 300 guerrillas, has in recent months begun mobilising villages in the area around Lausa. It is quickly finding new recruits.

Western governments are alarmed at the emergence of the group and fear that events in Kosovo could lead to a new case of ethnic war in the Balkans, the worst case involving Bosnia and the nearby Republic of Macedonia, which also has a large ethnic Albanian minority.

It was in Kosovo that Slobodan Milosevic, then president of Serbia, sowed the seeds of Serbian nationalism that contributed to Yugoslavia's violent disintegration. In 1999 he stripped Kosovo of its provincial



Ethnic Albanian protesters confront Serbian police in October: now guerrilla groups are mobilising

autonomy and installed direct rule from Belgrade.

But while the Roman Catholic Croats and the Moslems of Bosnia fought separatist wars to block the formation of a "Greater Serbia", the Albanians of Kosovo, led by Ibrahim Rugova, adopted a strategy of non-confrontation.

The Democratic League of Kosovo (LDK) declared an independent Republic of Kosovo with Mr Rugova as its president.

Simply ignoring the Serbian state, the LDK created a parallel government with its own education, healthcare and taxation system. A government in exile based in Bonn raises funds from the diaspora.

Many credit Mr Rugova's policies with preserving an uneasy peace in Kosovo. But his position is also under threat as many Albanians turn to the radical UCK. Thrown

out of their jobs by the Serbian authorities and tired of waiting for Mr Rugova to deliver his promises of statehood and for the international community to get involved, a new generation of Albanians sees violence as the only way of gaining attention for their cause.

The Serbian government has so far rejected calls for dialogue with international mediation. Mr Milosevic is now president of what is left of Yugoslavia - Serbia and Montenegro - and proclaimed this year that Belgrade would not "give up an inch" of Kosovo, where the first Serbian kingdom was founded in the 13th century.

On Tuesday 15 Albanians were given jail terms from four to 20 years for "terrorism" and membership of the UCK. Defence lawyers and foreign diplomats denounced the trial as a farce with evidence based almost entirely on confes-

sions the accused said were extracted through torture.

Alban Nesiri, a 23-year-old medical student, was one of two men found innocent and released. Back at home for the first time in almost a year he recounted how he was tortured for nearly a month. His torturers, police in civilian clothes, were methodical and thorough, he said, starting with batons on the soles of his feet and working their way up his body to his head. He was chained and naked.

Mr Nesiri, who was a student activist, said he knew nothing about the UCK and was still committed to finding a peaceful way to gain independence for Kosovo.

"People want peace but when there is no other way to achieve liberation from our occupiers then I would certainly take up arms for my state. But this is the last option."

NEWS DIGEST

Mobile phone battle grows

Leading mobile telephone and network equipment suppliers yesterday stepped up their battle over a common European technology for the next generation of mobile phones.

Seven suppliers from six countries vowed to continue pressing for their jointly-agreed system, despite strong opposition from a rival Scandinavian technology. Motorola of the US, Alcatel of France, Italtel of Italy, Northern Telecom of Canada, Siemens and Bosch of Germany, and Japan's Sony expressed confidence they would defeat an alternative proposal by Ericsson and Nokia, the Swedish and Finnish groups.

Members of the European telecommunications standardisation body this week voted in a test ballot to support an Ericsson/Nokia-backed technology called W-CDMA as the technology to form the basis of a future European standard for third generation mobile telephony.

W-CDMA has already been preferred by the world's leading supplier of cellular infrastructure, NTT Docomo of Japan. Ericsson and Nokia say that if endorsed by the standardisation body, it could pave the way for a common standard for Europe and Asia succeeding GSM, the de facto world standard for second generation mobile phones. The Motorola group is pressing for adoption of a system known as TDMA/CDMA which can be deployed in existing GSM networks. Greg McIvor, Stockholm

EU FISHING QUOTAS

More cod can be caught

European Union fisheries ministers yesterday agreed fish catch quotas for 1998 in a deal which permits increased allowances for some fish such as North Sea cod.

However, a row over horse mackerel held up the negotiations and in the end caused the Irish minister Michael Woods to leave the table without signing the final deal, adopted anyway under the EU's qualified majority rules.

"There were some requests for a decrease in TACs (Total Allowable Catch) - an historic event in itself," said EU fisheries commissioner Emma Bonino, who collapsed through exhaustion at the end of last year's marathon talks.

Spain won some reductions in the size of cuts in quotas asked for by the Commission.

Britain's fisheries minister Elliot Morely said: "There are signs the reduction in (fishing) effort is beginning to pay dividends."

The row over horse mackerel, on which a quota was imposed for the first time, led to the intervention of French President Jacques Chirac and finally prompted the Irish to walk out. Michael Smith, Brussels

CYPRUS MISSILES

Russia says deal is still on

Russia yesterday strongly denied a Financial Times report that it might pull out of an agreed sale of surface-to-air missiles to Cyprus.

"We categorically deny this," said Gennady Tarasov, of the Russian foreign ministry. He was referring to an FT report, which said Russia had signalled its readiness to halt the sale of S-300 anti-aircraft missiles to the Greek-Cypriot government.

Turkey argues that the missiles will upset a balance of military forces on the divided island of Cyprus by undermining Turkish air power. The dispute could further sour relations between two Nato partners, Athens and Ankara, that have a long history of hostility.

Mr Tarasov repeated Russia's view that the S-300 missiles were purely defensive weapons. Reuters, Copenhagen

EL AL AIRCRAFT PURCHASE

Cut-price Boeing beats Airbus

El Al, Israel's state-owned airline, yesterday decided to buy five 737 jets from Boeing after the US aerospace manufacturer cut its price by 6 per cent following strong competition from Airbus.

Boeing, El Al's traditional supplier, revised its offer in a cliffhanger decision in which the US and Israel's defence ministry put pressure on El Al to choose Boeing. The US gives Israel \$3bn a year in aid and loan guarantees.

El Al declined to say how it would pay Boeing but the deal is worth about \$200m. The planes will be delivered in 1999.

El Al will use the new aircraft to boost profitability by routing more frequent flights on regional and European routes. It lost more than \$88m last year but since then has returned to profit as the government prepares to privatise the airline. Judy Dempsey, Jerusalem

MICROSOFT COURT CASE

Judge doubts software claim

A US judge yesterday challenged Microsoft's assertion that its operating system, Windows 95, was difficult to separate from its Internet browser, saying it had taken him 90 seconds. Judge Thomas Penfield Jackson, left, of the US district court for the District of Columbia, was considering a bid by the Justice Department to force Microsoft to give its licenses a real choice of browser system. The judge put off until January 13 his hearing of the substance of the case, but made clear to those used hitherto about the inseparability of Windows 95 and the standard browser.

He said he had been given a demonstration on a personal computer in which the latest version of Windows 95 and the Internet Explorer browsing system had been pre-installed. He found it possible to "uninstall" the browser in a minute and a half. "I'd like to have it confirmed that it's not that simple," he said. Bruce Clark, Washington

WAR CRIMES TRIAL

Three suspects to be freed

Yugoslav war crimes tribunal judges agreed yesterday to release three Bosnian war crimes suspects after the court's chief prosecutor said there was insufficient evidence.

Mariako Katava, Petro Skopljak and Ivan Santic were expected to be flown home today.

The tribunal took the unprecedented step after Louise Arbour, chief prosecutor, said there was insufficient evidence that the three were involved in an ethnic purge of Moslems from central Bosnia in 1998. AP, The Hague

CORRECTION

Louise Arbour

Early editions of the Financial Times of December 16 inadvertently misspelt the name of Louise Arbour, chief prosecutor at the International Criminal Tribunal for the former Yugoslavia. We apologise for the error.

Russian debt ratings are downgraded

By Chrystie Freeland in Moscow

Standard & Poor's yesterday downgraded the rating outlook for Russian sovereign debt and nine top companies and regions, sending stocks and debt tumbling.

The rating agency blamed chronic structural weaknesses in public finances and mounting debt servicing costs because of global instability in emerging markets.

While maintaining its speculative grade BB minus rating for Russia's long-term foreign currency borrowings, S&P revised its outlook from stable to negative. It also revised the outlook for several blue chip companies and regions to negative.

The change to a negative outlook is a signal that if trends continue a country's or company's credit rating may be downgraded.

S&P's announcement sent the prices of Russian assets and dollar-denominated debt - two markets dominated by foreigners - sharply down. Lukoil and Mosenergo, two of Russia's most respected companies, while both had their outlook downgraded to "negative", plummeted by 7.5 per cent.

Analysts said the agency's decision reflected increasing investor sensitivity to Russia's long-standing tax problems.

S&P estimated that tax arrears in Russia were as much as 10 per cent of GDP. "Russia needs to address the fundamental issue which underlies all of its other problems - an inability to collect taxes," Philip Poole,

head of emerging markets research at ING Barings, said.

The more pessimistic outlook also takes into account Russia's public borrowing costs, which have soared in the wake of instability in emerging markets. Mr Poole estimates that higher interest rates will next year cost Russia between \$6.6bn and \$7.7bn more to service its deficit.

However, the World Bank said yesterday it had approved \$1.6bn in loans for Russia: an \$800m structural adjustment loan and an \$800m loan for the coal sector. Up to \$1bn could be released to Moscow before the end of the year.

The World Bank pledges suggest that its sister organisation, the International Monetary Fund, is pleased with Russia's efforts to improve tax collection, including a recent push which boosted revenues in recent weeks.

The IMF, which froze a \$700m tranche of a \$10bn loan to Russia earlier this year because of poor tax collection, will be switching to see if Moscow goes through with a pledge to crack down on a group of powerful tax evaders. The government has threatened to seize their assets unless they pay their tax bills by December 25.

The list of debtors includes two of Russia's most powerful oil companies. But in a letter and telephone conversations this week Michel Camdessus, managing director of the IMF, persuaded the premier, Victor Chernomyrdin, to stand firm.

'Germany will weather Asia financial storms'

By Peter Norman in Bonn

Financial turmoil in Asia will not hinder stronger German growth and better jobs prospects, the Bonn economics ministry says.

"The currency and financial crisis in south-east Asia should not be overestimated," it said in an upbeat monthly report. It described the crisis as a "necessary correction of mistakes" which would ultimately be positive for the world economy.

"From today's perspective, it should not call US and European growth into question. At most, it should produce a temporary slowing of the upturn here."

The ministry judged that the government's economic policy was beginning to yield results and that factors

supporting growth were gathering strength.

Although there has been a steady rise in seasonally adjusted unemployment to 4.53m last month, the report detected "growing signs that the worsening of the employment situation is coming to an end". It suggested that increased investment pointed to a gradual shift from export-led growth to stronger domestic demand that would in turn reverse the rise in unemployment.

Official figures for October, published yesterday, did indeed point to some slowing of Germany's export boom. However, the country's strong sales abroad in the first 10 months of this year have already ensured that the merchandise trade surplus for 1997 will exceed last

year's DM36.6bn (\$55.3bn).

The surplus fell to DM10.9bn in October from DM14.8bn in September and DM11bn in October last year, reflecting a 10.1 per cent increase in exports and 12 per cent import growth compared with October 1996.

Between January and October, the surplus jumped to DM104.7bn from DM80.4bn in the same period in 1996, reflecting 12.6 per cent growth of exports to DM72.4bn in the 10 months and 10.1 per cent import growth to DM62.7bn.

A less euphoric picture of the German economy emerged yesterday from the Frankfurt office of Goldman Sachs, the investment bank, which said several recent economic indicators had been weaker than expected.

Ailing Slovak bank put under administration

By Kevin Done, East Europe Correspondent

The Slovak central bank yesterday placed the country's third largest bank under administration in an effort to avert a deeper crisis in the banking system.

Vladimir Masar, governor of the National Bank of Slovakia, said the move had been forced by "the negative economic development within the bank and the negative development of its liquidity situation."

The central bank said that it would provide sufficient funds to Investicia a Rozvojova Banka (IRB) to enable the bank to pay its depositors. Liquidity problems at

IRB have intensified in recent weeks, as several commercial banks froze credit lines in the short-term interbank market amid concerns about IRB's mounting losses and its heavy burden of non-performing loans.

IRB branches remained closed yesterday for a second day, after worried depositors queued this week to withdraw savings. The NBS said IRB would re-open today.

Short-term money market interest rates rose sharply in response to the turmoil at the bank, with overnight rates jumping to 28.2 per cent from 22.7 per cent a day earlier, although the Slovak currency was not affected. The long term future of

IRB remains uncertain. An extraordinary meeting of shareholders due to take place yesterday to vote on a \$13bn (\$29.2m) doubling of the bank's capital, was abandoned when the main shareholders failed to attend.

IRB is owned 35 per cent by the state through the National Property Fund, and 40 per cent by VZS, the Slovak steel producer, and allied interests. VZS owns just under 15 per cent directly.

The bank's problems have mounted as the main shareholders have failed both to attract a new strategic investor for the bank and to invest fresh capital themselves.

Italian dairy farmers' protest milks the public's sympathy

By James Blitt in Rome

Italy's dairy farmers, angered at being told they rather than the state should pay EU overproduction fines, have taken to the streets with a vengeance.

Last Sunday farmers dragged a huge black and white cow - named Ercolina and now a national celebrity - into Vatican City, just as the Pope was delivering a traditional weekly benediction. Pope John Paul II expressed pleasure at seeing the demonstrators.

On Thursday, farmers staged what they called a "March on Rome", blocking the main roads and railways with tractors. Yesterday, throughout the country,

farmers handed out free fruit and dairy produce to bemused passers-by to gain "solidarity".

The demonstrations have angered the authorities. President Oscar Luigi Scalfaro warned that they were illegal.

Romano Prodi, prime minister, was displaced by the vast coverage given to the protests by Italian television news. The publicity has had an effect on olive oil manufacturers, rice growers and sugar producers now want to join the protests.

The dairy farmers' anger is directed at the government. The industry must pay L630bn (\$475m) in overproduction fines, potentially bankrupting some farmers.

They argue that overproduction only occurred because the Italian authorities were vague over how much each farm should produce.

Mr Prodi feels he must stand firm. For more than a decade, Italian governments paid overproduction fines to the EU. Brussels now insists this should end because it amounts to a state subsidy.

The demonstrations are more than just a row about quotas, however. They reflect deeper fears that Italy's overgrown and inefficient agriculture sector is about to be overhauled. For decades, Christian Democrat governments - with their heartlands in the agricultural south - were loyal and generous protectors of the

farmers. "Those easy days have gone now," says Prof Secondo Tarditi, an agronomist at Siena University.

Moreover, the reform of the EU's common agricultural policy and the prospect of the EU gaining new members in eastern Europe are threatening to bring intense competition and a reduction in subsidies.

"It would be bad news for Italy," says Prof Tarditi. "If these protests raise public sympathy with the farmers' case." He notes that 8 per cent of Italians work in farming compared with an average of 2 per cent in the rest of the EU. "The idea that, in 1997, we can go on subsidising prices and overproduction is crazy."

السلامة

NEWS: INTERNATIONAL

Mixed blessings for Castro's Christmas decree

Some Cubans need reminding of the meaning of December 25. Pascal Fletcher reports

After 30 years, Christmas in Cuba is back, restored by presidential decree. You will not see an official Christmas tree in Havana's Revolution Square, but more than ever this year the city's time-worn face of ramshackle decay and faded colonial elegance is being enlivened with festive tinsel, albeit mostly in tourist zones.

On Obispo Street, a popular shopping boulevard, the artificial Christmas trees offered by tourist shops in US dollars have sold out. Festooned with lights and decorations, they now peak, still shyly, from inside private homes.

But if you go around wishing "Merry Christmas, compa" (comrade) to everyone you see, be prepared to receive some blank looks.

True, most Cubans heartily

welcome the prospect of having a day off work on December 25. Christmas Day was abolished as a public holiday in the late 1960s because the island's communist rulers said it interfered with strategic tasks such as the sugar harvest.

Most Cubans also know they can thank Pope John Paul II for the extra day off. He will visit the communist-ruled island next month and had personally asked President Fidel Castro to restore the Christmas Day holiday. Mr Castro has obliged, granting it as an "exception" this year in honour of the Pope's visit.

But when asked, a surprising number of Cubans seem not to know exactly what it is they should be celebrating on December 25.

"Christmas, that's Church Day,

right? Religion Day, no?" said one young father, cradling his toddler daughter outside a shop draped in tinsel.

"Virgin of Charity day?" guessed an older man, recalling Cuba's patroness, the Virgin of Charity of El Cobre, worshipped equally by Catholics, revolution-

aries and devotees of the island's Afro-Cuban *santeria* religion.

But what of Christmas, the nativity, the birth of Jesus Christ, the near universal festivity celebrated every year by millions across the globe?

"We haven't been told about

that," said a young state primary school teacher, escorting a crocodile of children dressed in red and white Young Pioneer uniforms.

In a large segment of the collective popular consciousness, especially in the minds of younger Cubans, children of the

"We used to have dances," one old lady recalled wistfully. Others remembered the traditional family meal celebrated on Noche Buena (Christmas Eve), or how Havana used to be lit up by Christmas lights.

One person who seems to remember well is 71-year-old

Threatened by the disappearance of the former Soviet bloc and by continuing US hostility, Cuba's leadership has clearly decided it is better to have the Catholic Church as a friend than an enemy.

A ban on religious believers joining the ruling Communist Party has been lifted. Catholic, Protestant and other Church leaders report a resurgence of Christian faith.

The Catholic Church, while welcoming this year's one-off Christmas Day holiday, has called for it to be made permanent. This hope seems shared by most Cubans. So maybe there will be a Christmas tree in Revolution Square one December 25. And maybe by then more Cubans will know what it is they are celebrating.

Church-state relations have warmed, thawing the mutual hostility of the early revolutionary period

Kim promises to implement IMF terms

By John Burton in Seoul and Gillian Tett in Tokyo



Kim Dae-jung pledged support for small businesses

Kim Dae-jung, the president-elect of South Korea, yesterday said that he would implement the tough terms of the International Monetary Fund's \$57bn bail-out in spite of criticism during the campaign.

"I shall state once more with utmost clarity and emphasis - we shall co-operate with the IMF fully and completely," the centrist opposition leader told a news conference a day after he was elected with a 40.3 per cent vote against 38.7 per cent for the government candidate, Lee Hoi-chang.

But financial markets fell on the news that Mr Kim would take power in late February.

The Seoul bourse fell by 5.1 per cent as interest rates

end of the month.

The worries were prompted by Japan's decision to provide Korea with \$1.5bn in bridging loans to cover debt obligations, something which some traders said indicated Korea's foreign currency reserves were low.

Japanese officials said the bridging loan would ease temporary liquidity problems before a second tranche of \$3.5bn in IMF funds reached Korea next week.

The move reflects concerns in Tokyo about the impact a serious liquidity crisis in Korea would have on Japan's fragile economy and financial system.

Japanese banks hold at least \$15bn in Korean debt.

The bridging loan, which is separate from Japan's \$10bn contribution to the IMF's Korean bail-out, would be repaid once Seoul receives the IMF funds.

Japan suggested that it

might offer another bridging loan in January, if necessary, before Korea is scheduled to receive its third IMF tranche.

The Korean central bank said foreign holdings were sufficient to meet short-term foreign debt obligations this month, which it estimated at \$14bn-\$15bn.

They said usable foreign reserves would soon reach \$17.5bn for the month after the IMF on Thursday approved the second tranche that follows \$5.5bn provided two weeks ago.

The Asian Development Fund said it would provide \$2bn this month, while the World Bank is expected to grant another \$2bn.

Michel Camdessus, the IMF managing director, praised Korea's progress in implementing the IMF terms.

"All the measures we recommended them to take have been taken. And they

have taken even more than we recommended."

But overseas investors responded warily to Mr Kim's victory. Spreads for state-run Korean Development Bank bonds widened by more than 100 basis points, while Korean global depositary receipts slipped in London.

Mr Kim said he would support the growth of small businesses at the expense of the big conglomerates that have dominated the Korean economy.

But he avoided mentioning how he would tackle possible labour unrest because of an expected jump in unemployment resulting from industrial restructuring demanded by the IMF.

He also promised to remove barriers to foreign investments and create "a paradise for business."

Save the IMF, please, Page 6

Man in the News, Page 7

Stock markets, Page 21

S KOREA BAIL-OUT

IMF Promised: \$21bn
Delivered: \$5.5bn
Approved for release this month: \$3.6bn

Asian Development Bank Promised: \$4bn
Expected this month: \$2bn

World Bank Promised: \$10bn
Expected this month: \$2bn

Japan Expected this month: \$1.3bn (bridging loan)

AVAILABLE IF REQUIRED:
Japan: \$10bn
US: \$5bn
Germany, UK, France: \$1.25bn each
Italy: \$2bn
Rest of Europe: \$1.25bn

TOTAL (excluding Japanese bridging loan): \$57bn

US groups eye Turkey arms deal

By Bruce Clark in Washington

The US is chiding western Europe for being too hard on Turkey - but angry US arms salesmen say their country has been left higher on the Turkish than European and they have lost money because of this.

As a result of the current visit to Washington by Mesut Yilmaz, the Turkish prime minister, US manufacturers are finally expected to receive the administration's go-ahead to enter a contest to supply Turkey with \$5bn worth of attack helicopters.

But US companies such as Bell Helicopter, Sikorsky and Boeing will be latecomers to a race in which the Franco-German Eurocopter, as well as South African and Russian exporters, are already well-established players.

The US administration has held back from authorising the sale of lethal weapons to Turkey because of the strong opposition such sales have encountered from human rights activists and legislators who represent Greek-American voters.

The human rights lobby says western governments should not be fuelling Turkey's efforts against Kurdish separatists and incursions into northern Iraq.

The administration can issue marketing licences for lethal weapons without consulting Congress, but it still needs legislative approval for the sales to go ahead - a procedure that can make arms-buyers wary of dubious human rights records wary of buying American.

As US arms-makers see it, Congressional squeamishness is merely a gift to their competitors - and they look with envy at the more pragmatic approach taken by their European rivals.

"The Americans seem to think the way to punish a country is to make it buy European," said Joel Johnson, vice-president of the Aerospace Industries Association.

"But the Europeans, on the other hand, don't think the way to punish countries is to make them buy American. They tend to be much more reluctant than we are to give up economic advantage for moral principle."

In practice, however, behind-the-scenes bargaining may have softened Congressional opposition to the sale of attack helicopters and other US weapons to Turkey.

The Pentagon this month granted Boeing a marketing licence to offer its F15-E - a long-range attack aircraft with the capacity to fight at night to Greece. This surprise move has prompted speculation that the Pentagon was trying to appease pro-Greek sentiment in Congress as a way of preparing the ground for a delivery of attack helicopters.

Senior US legislators softened their opposition to the sale of several other weapons systems to Turkey, including frigates and Sea Hawk helicopters, after Athens and Ankara pledged in July to resolve their problems peacefully. But they have also warned the Pentagon not to rush the process of reactivating arms deliveries to Ankara.

Human rights activists, meanwhile, have been raising objections to the proposed purchases by both Greece and Turkey. They have questioned whether fueling an arms race in the Aegean is consistent with President Bill Clinton's call this week for a halt to their "irrational" disputes.

Lee's son to become chairman of Singapore central bank

By Sheila McNulty in Kuala Lumpur

Lee Hsien Loong, the deputy prime minister and eldest son of Lee Kuan Yew, Singapore's founding father, is to become chairman of the Monetary Authority of Singapore (MAS) starting on January 1.

Brig Gen Lee has been leading Singapore's efforts to reform the financial sector, so his appointment yesterday to lead the de facto central bank was seen as a big step toward liberalisation.

The plan to reform, which is becoming known as Singapore's "Big Bang", is expected to start next year. It represents an almost revolutionary step for the highly conservative city state.

Gen Lee recently warned that, in this new age, Singaporeans would have to take responsibility for their own risks rather than expect the government to buffer them from danger.

Gen Lee's efforts to reform the financial sector amid the crisis sweeping the region will be risky and closely watched.

If well executed, they would boost Gen Lee's chances of becoming the next prime minister.

The planned reforms have arisen from the belief that as the global financial system becomes further integrated, there would be room for progressively fewer financial centres.

Tightly managed, Singapore has decided that, to make it one of the top

financial centres in the Asian time zone, it must loosen up.

Although recommendations from Gen Lee's high-level study on financial reform have not yet been formulated, Richard Hu, finance minister and outgoing chairman of the MAS said in a recent interview that foreign brokerage houses would probably be offered more seats on the Stock Exchange of Singapore, which now has 38 full members.

He added that foreigners may be allowed to subscribe to the public share offerings of state-run companies, such as the giant Singapore Telecommunications.

Stockbrokers say they have been told by officials that a fixed commission on

stock sales may be abolished to bring the city state into line with Hong Kong.

The winds of change at MAS became apparent when last month it announced acceptance of the resignation of Koh Beng Seng, its deputy managing director, to be replaced by Tharman Shanmugaratnam, who is regarded as more pro-reform. Observers said Mr Koh had misgivings over the planned liberalisations.

The announcement of Gen Lee's appointment by Prime Minister Goh Chok Tong's office did not explain the move to replace Mr Hu. It did add that Mr Hu is to keep his post as finance minister.

Mr Hu had widely been expected to retire from the MAS post early next year.

Arrest warrant for Renong chief

An Islamic court yesterday issued an arrest warrant against the head of Malaysia's troubled Renong conglomerate in connection with a divorce proceeding, writes Sheila McNulty.

The warrant for Halim Saad was issued after he failed to appear at his divorce hearing. Mr Halim's counsel said there was nothing in his records indicating the businessman should attend the proceeding.

The judge set the next hearing for January 20 and ordered Mr Halim to attend to respond to charges by Norani Zolkifli, his estranged wife. Minority shareholders were angry over the acquisition, regarded as the pillaging of a profitable subsidiary to support an ailing parent with political connections.

years and have been closely followed by Malaysians, with Mr Halim - one of the country's richest businessmen - and Renong - one of its largest and politically connected conglomerates - at centre stage.

Ms Norani is considered to have an indirect interest, by marriage, in Mr Halim's controlling stake in the company, so a judgment in her favour could have implications for Renong.

Renong has been at the centre of controversy after its subsidiary, UEM, bought a large stake in the parent in what was seen as a bail-out for Renong. Minority shareholders were angry over the acquisition, regarded as the pillaging of a profitable subsidiary to support an ailing parent with political connections.

Japan braces for credit crunch as banks look hard at lending plans

Gillian Tett examines the continuing fall-out in the country's financial sector

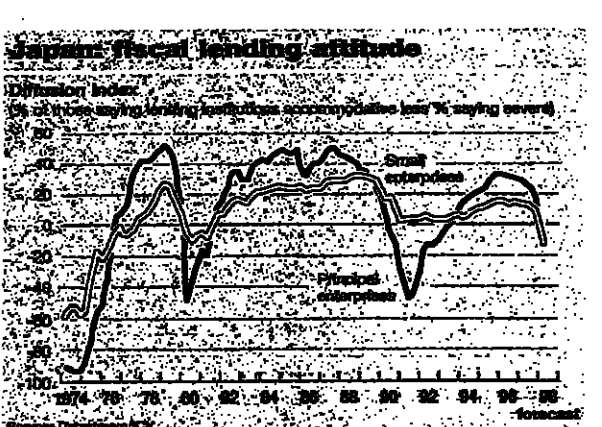
As the Nikkei tumbled 5.2 per cent yesterday, a crucial question hung over the markets: is Japan on the verge of a nasty credit crunch that could further dent its fragile economy?

Recent signals have been alarming. On Thursday Toshiyuki, a food retailer, collapsed claiming its main lending banks, such as Sakura, refused to extend more loans. This came only a few days after a Bank of Japan survey showed that both big and small companies were finding it dramatically harder to borrow money from banks.

The Bank is puzzled by this swing: it has never seen this at a comparable moment in the economic cycle. But many economists suspect that this is the first sign that Japan's financial problems are now finally feeding through to the "real" economy - as banks start to trigger more potential bank-ruptures by cutting lending.

There are plenty of reasons why banks may be tempted to cut back. This month, Japan has avoided any further bank failures (following the collapse of three big financial institutions last month).

But banking stocks



plunged yesterday, amid speculation that some groups are under severe pressure. The position of many regional banks is considered to be uncertain.

Half a dozen have already been forced into mergers or closure in the last year. And the Bank of Japan appears keen to weed out others before Big Bang deregulation starts.

"We fully expect a rash of small bank bankruptcies between now and next April," said Brian Waterhouse of HSBC James Capel.

But even some larger names have seen their share price plunge. Fuji Bank saw its share price yesterday fall

also fell yesterday by Y72 to Y418, after the group said it had Y100bn of loans to Toshiyuki which may not be recovered. Sakura said it would sell land and shares to cover the losses. But Moody's, the US credit rating agency, said it was considering downgrading the group from its current A3 rating as a result.

For the moment, the Bank of Japan insists there is no question of any major banks failing and has pumped in huge levels of liquidity to prevent any credit crunch that could trigger this.

But even if this helps avert a financial crisis, it does not solve the other problem: namely that as the banks come under pressure they are more likely to cut lending. This is being exacerbated by two other factors.

One is the need to take a tougher attitude towards uncertain loans ahead of plans to introduce tighter accounting regulations next year.

And the other - which is typical of the vicious cycle now hanging over Japan - is the recent slump in the Nikkei itself.

This is eroding the banks' huge share portfolios, which they count as "capital" in their BIS ratio of capital to

assets. The easiest way for the banks to offset this is to cut assets - or loans.

In the long term, some economists say this will be a good thing. Japanese banks are notorious for taking too relaxed an attitude towards credit risk, and have hitherto been reluctant to call in bad loans left over from the crash of the 1980s "bubble". Until they do this, economists say, Japan will never clean up its financial rot.

But in the short term, it could spell more stock market jitters: Mitsubishi Research Institute, for example, calculates if the Nikkei closes at 16,000 next March, banks will have to cut lending by Y16,000bn (\$122bn) - which would cut Japan's GDP by 2.7 per cent.

The government is taking steps to offset it. This week it said it would make a massive Y23,000bn of loans available to small companies this year and next.

But this may not be enough to entirely avoid the squeeze, particularly since the BOJ data show the sharpest slump in lending is reported by big companies.

Toshiyuki, in other words, is unlikely to be the last victim of Japan's financial mess.

Editorial Comment, Page 6

REPEAT CALL FOR TENDERS FOR THE SALE OF A GROUP OF ASSETS OF "S.A. INDUSTRIE AGRICOLE" OF KALAMATA, GREECE

STYRKIS KHALILOU S.A., Administrator of Assets and Liabilities, of "S.A. INDUSTRIE AGRICOLE" of Kalamata, Greece, in its capacity as Liquidator of "S.A. INDUSTRIE AGRICOLE" a company with its registered office in Kalamata, Greece, the "Company", previously under special liquidation according to the provisions of article 46a of Law 1902/1990, by virtue of Decisions No.24/1994 and No.21/1994 of the National Court of Appeal,

announces a repeat call for tenders for the sale of the group of assets mentioned below, which is being sold as a single entity.

BRIEF INFORMATION

The Company was established in 1973. On 21.4.1994 the Company was placed under special liquidation, according to the provisions of Article 46a of Law 1902/1990 upon application by the National Bank of Greece S.A. and the Credit Bank S.A. in their capacity as creditors representing over 51% of the claims against the company. The Company's activities included the production of alcohol (vine as an industrial, grape must, brand of oil and olive kernel oil milling, etc.).

GROUP OF ASSETS OFFERED FOR SALE

Konstantinos KHALILOU refinery in "Poussa" in the town of Kyparissia (Pirgos-Kyparissia National Road) standing on a plot of land covering an area of approximately 12,000 sq.m. and consisting of buildings, the surface of which amounts to 2,800 sq.m., including mechanical equipment in operating condition. Certain of the buildings have been built without permission, as certified by the town planning authorities. (For further information please see the Offering Memorandum). The factory is under lease, the validity of which is being disputed in court. The company's trade name is also on offer.

TERMS AND CONDITIONS OF THE AUCTION

1. The Auction shall take place in accordance with the provisions of article 46a of Law 1902/1990 (as supplemented by article 14 of Law 2000/91) and subsequently amended, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply successively to all bidders who are registered in the bidding process.

2. Bidding offers shall be submitted by interested parties not later than 15.1.1998, 12:00 hours to the Kalamata National Public Bank (Kalamata Branch), Athens St. No. 2-3, 24 100 Kalamata, Tel. +30-271-87520. Offers should be accompanied by the offer price and the detailed terms of payment (in cash or instalments, increasing the number of instalments, the date thereof and the proposed interest rate).

3. In the event of non-specifying: a) the way of payment, b) whether the credited amount shall bear interest and c) the interest rate, then it shall respectively be deemed that: a) the offered price is payable upon execution of the sale contract, b) the amount credited shall bear no interest and c) the interest rate shall be the legal rate in force from time to time. In all cases where the credited amount bears interest, the sale shall be calculated in relation to the outstanding amount and shall be payable on the dates of payment of each instalment. Bidding offers submitted later than the above date shall neither be accepted nor considered. The offers shall be binding until the adjudication. Submission of offers in favour of a third party to be nominated as a later stage shall be accepted on condition that this is expressly stated upon submission and that the offeror shall give a personal guarantee in favour of each third party, for the compliance of the obligations deriving from the sale contract.

4. Letters of Guarantee: Bidding offers must be accompanied by a Letter of Guarantee issued in accordance with the sample Letter of Guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, to remain valid until the adjudication. The Letters of Guarantee must be for the amount of DR5,000,000,000. Letters of Guarantee shall be returned after the adjudication.

5. Submission: Bidding offers together with the Letter of Guarantee shall be submitted in sealed envelopes.

6. Bidding process: The bidding process shall be conducted by the above mentioned National Public Bank in its office, on 15.1.1998, 14:00 hours. Any party having duly submitted a bidding offer shall be entitled to attend and sign the deed attesting the successfulness of the bidding offers.

7. As highest bidder shall be considered the participant, whose offer will be judged by creditors representing over 51% of the claims against the Company (the "Creditors"), upon recommendation by the Liquidator, to be in the best interests of all of the creditors of the Company. For the purposes of evaluation, an offer to be paid in instalments shall be assessed on the basis of its present value to be calculated by employing a 10% annual discount interest rate, compounded yearly.

8. The Liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his bidding offer and any other improved terms, which may be suggested by the Creditors and agreed upon. In the event of the highest bidder not complying with such obligations, the Letter of Guarantee shall be forfeited as a penalty. Adjudication shall be deemed to take effect upon execution of the contract of sale.

9. All costs and expenses of any nature, including any tax (such as VAT), duties, custom duties, any charges in favour of the state or third parties, which may need to be paid (other than those exempted by law) in respect of the participation in the Auction and the transfer of the assets offered hereby for sale, the sale contract, as well as any other act prior or subsequent to the transfer of assets shall be exclusively borne by the purchaser.

10. The Liquidator and the Creditors shall have no liability or obligation whatsoever towards the participants in relation to the evaluation of the offers or the application of the bidding process or any decision in respect of or issued by Auction or any decision whatsoever in connection with the proceedings of the Auction. The Liquidator or the Creditors shall have no liability for any legal or actual defects of the assets. Submission of bidding offers shall not create any right for the adjudication nor the participants shall acquire any right, power of claim from this Call for Tenders and their participation in the Auction against the Liquidator and/or the Creditors for any reason whatsoever.

11. This Call for Tenders has been drafted in Greek and translated into English. In any event, the Greek version shall prevail.

OFFERING MEMORANDUM - FURTHER INFORMATION

Interested parties may obtain the Offering Memorandum in respect of the Company and its assets upon signing a confidentiality agreement. In order to obtain a copy of the Offering Memorandum and any further information please apply to the Liquidator "Styrikis Khalilou S.A., Administrator of Assets and Liabilities", % Chrysomylas St. Athens 10700, Greece, Tel. +30-21-323 14 84-7, Fax: +30-21-323 79 (Representative of Mr. Marika Pangelos).

NEWS: INTERNATIONAL

Mexico's kidnap wave spawns executive terror

Kidnapping in Mexico has become such a growth industry that crime gangs, it is said, are encouraging young members to snatch "soft targets" such as dogs to give them business experience at an early age. Children, pets, ranchers, millionaires - all are considered fair game in a racket that is turning downright insolent in its expertise.

Yesterday El Universal newspaper published a letter on its front page from Fernando Gutiérrez Barrios, a tough former interior minister who is considered godfather of the country's security apparatus, saying he was "enjoying some holiday" abroad.

That was the first official word from him since speculation in the press last week saying he had been kidnapped. He was reportedly released from

Children, pets, ranchers, millionaires and security chiefs are targets in a fast growing industry, with up to 2,000 victims a year. Henry Tricks reports from Mexico City

a seven-day ordeal last Tuesday. In November, newspapers carried stories that Domingo Tassinari, then head of Mexico City's anti-kidnapping squad, had himself been snatched. Authorities, predictably, denied he was abducted and said the chauffeur who leaked the news had suffered a diabetes-induced lapse.

Kidnappings are rarely confirmed and numbers are sketchy. But security experts say since its economic crisis in 1995 led to a crime explosion, Mexico now has the second highest abduction rate in Latin America next to rebel-plagued Colombia.

Control Risks, a London-based security company logs about 200 cases a year in Mexico, but admits the actual number may be 2,000. That is not to mention the so-called "fast-food kidnaps", in which taxi users are seized at gunpoint and released only after they have withdrawn an instant ransom from their bank machines.

"Most kidnaps require a certain level of planning. They target someone because they've got a real chance of making it pay off. But it can be anyone from a small shopkeeper to a mega-millionaire," said Sandy Markwick, a Control Risks specialist.

He said the targets were more likely to be Mexicans than foreigners. But at least two foreign business executives have been snatched in high-profile cases recently. Last Wednesday, Vincent Carrozza, 47-year-old American manager of the deluxe Hotel Princess in Acapulco, was freed after eight days in captivity.

Last year, the Japanese head of Sanyo Video Components in San Diego, California, was kidnapped after watching a baseball game in Tijuana, just across the Mexican border. His captors demanded a \$2m ransom.

Concern is such that the US embassy

in Mexico City holds monthly meetings with top companies to discuss issues such as kidnapping, said Francisco Gómez Lerma, president of the group known as the Overseas Security Advisory Council. "We tell them to keep a low profile. If they are going to use their Mercedes Benz, be careful where they drive to," Mr Gómez Lerma said.

Bodyguards are no help, he adds: they attract attention and may be in cahoots with kidnappers.

In dealing with kidnap, Mexican police are largely kept out of the negotiations, partly to avoid bungling and because, consultants say, sometimes

they may be in collusion with the kidnappers.

That has led to an influx of anti-kidnap specialists in recent years and the birth of kidnap ransom insurance in 1994.

Among Mexican executives, the fear of kidnap is verging on hysteria, and justifiably so. One wanted gang leader reportedly cuts off the ear of his victims. Others murder their captives. Even after the family pays the ransom, One 31-year-old Mexican executive of a US franchise (who declined to be named because he says kidnappers scour newspapers for clues on who to snatch) has spent \$60,000 bullet-proofing his Chevrolet Jeep, and fitted it out with a police siren. But he still takes a different route to work every day or comes in at odd hours to fox assailants.

Shanghai bulls mark the year of the Ox

The mood may have been bearish in other Asian financial markets in recent weeks, but the bulls were out in force at the opening of the new Shanghai stock exchange yesterday.

As the ribbon was cut on the largest trading floor in Asia in the Chinese year of the Ox, well-wishers close to mark the occasion with the obvious inauguration gift: a commemorative bull.

Stock market authorities from around the region had sent their bovine statues - bronze ones, crystal ones and mahogany ones - as tokens of goodwill to mark the Shanghai exchange's move into its shiny new home, a vast blue-glass and chrome monument to the market economy which draws its architectural inspiration from the Arc de Triomphe.

"We have all brought bulls to the opening ceremony," said the representative for one fellow Asian bourse, "but, as we know, there are also bears in the securities market."

So far, the Asian bears have spared China's domestic stock markets. Shares denominated in the yuan, the Chinese currency, and traded in Shanghai and Shenzhen, China's other mainland exchange, have been largely immune to the collapse of confidence in Asian economies, sheltered by the limited convertibility of the currency and the strict regulations that govern the markets.

The handful of stocks in mainland China open to foreign investors have not fared so well. Even yesterday, after Shanghai's mayor, Xu Kuangdi, banged a gong to

The 'A' and 'B' of China's stockmarkets

	Trading Volume Yn	Total market Value Yn	Number of listed companies
Shanghai	2,268bn	862bn	422
A shares	2,219bn	863bn	372
B shares	6.5m	18.95bn	30
Shenzhen	3,821bn	787.68bn	287
A shares	3,796bn	778.4bn	246
B shares	22.9m	18.08bn	51
H shares			39

Source: China Securities News

open trading, Chinese currency shares immediately skipped upwards, while the shares for foreigners - so-called B shares denominated in foreign currency - started to slide. The Shanghai B share index closed down 0.84 per cent at 54.5 points.

But the assembled dignitaries seemed oblivious to the gloom that in recent months has descended on the minuscule market for foreign investors, which has a market capitalisation of roughly \$4.5bn, leaving it dwarfed by the \$200bn domestic currency stock markets, the A share markets, which rank behind Tokyo and Hong Kong in Asia's stock markets.

There was more muttering about the absence of any central government leaders - notably Zhu Rongji, vice premier in charge of the economy - reflecting concerns among Shanghai brokers about Beijing's ambivalent attitude towards the infant stock markets.

The Chinese government rallied against speculators and took measures to damp the markets in the first half of the year and has only made piecemeal efforts to reinvigorate them in the last six months.

But spirits were neverthe-

Patterson wins third Jamaica term

By Camille James in Kingston

Percival Patterson is to be sworn in next week for a third consecutive term as prime minister of Jamaica, following a landslide victory by the People's National Party in Thursday's general election.

The PNP took 49 of the 60 seats in the island's parliament, with the main opposition Labour party, led by Edward Seaga, a former prime minister, taking the rest. The two year old National Democratic Movement, led by Bruce Golding, failed to get a representative in the assembly.

The election, which was monitored by local and foreign observers, the latter led by Jimmy Carter, a former US president, and Colin Powell, former chairman of the US joint chiefs of staff, was plagued by logistical problems and administrative shortcomings, with several polling stations opening late, electoral officials absent, and ballot papers not available.

There were also several violent incidents with at least two people killed in party political clashes, and several injured. The police used teargas to disperse crowds at some polling stations.

"This may go down as the most peaceful election in recent Jamaican history,"



Percival Patterson (centre) celebrates with his commerce minister, Paul Robertson, in Kingston yesterday

said Alfred Sangster, leader of a local observer group. Fifteen people were killed in political incidents in the 1993 election, and 800 in 1990.

Mr Patterson said the PNP's victory was a mandate from Jamaicans for his administration to continue a programme of economic reforms.

"We intend to govern in ways that are transparent and accountable, efficient and enlightened," he said.

"This mandate carries with it a corresponding responsibility to perform."

This is the third consecutive defeat for Labour under Mr Seaga's leadership. "Given the conditions in the country, many will find this decision inexplicable," he said in conceding defeat.

"Many people prefer to drink milk rather than to count cows."

He has not indicated whether he will step down.

"This is a decision which will have to be taken by the party."

Mr Patterson's immediate task in governing the English-speaking Caribbean island of 2.5m people, will be to stimulate an economy which has been stagnant for the past four years.

The main sectors - tourism, bauxite mining and refining, agriculture and manufacturing - have been lethargic, and the financial

services sector has been fragile, with the government providing millions of dollars to bail out several companies.

The new administration will also be challenged to meet its promises made during the campaign to curb inflation, currently at 12 per cent per year, maintaining stability of the currency and reducing unemployment which is 16 per cent.

Alfredo Yabrán denies link to companies

Criticism Argentine businessman 'bows out'

By Ken Wern in Buenos Aires

A group of postal, distribution and other businesses allegedly linked to Alfredo Yabrán, Argentina's most controversial businessman, has been sold for \$850m to the Excel Group, a locally based private equity fund.

The deal could represent the withdrawal of Mr Yabrán - who is credited with high-level political connections - from the front-line of Argentine business, local analysts said.

Mr Yabrán has been at the centre of controversy since Domingo Cavallo, the then economy minister, alleged in Congress in August 1996 that the businessman secretly controlled a network of companies that dominated private postal services and airport duty-free shops and cargo services. Mr Cavallo also accused Mr Yabrán of using "mafia-style" methods to thwart his business rivals.

Mr Yabrán has since kept up a barrage of criticism of Mr Cavallo. He accused the government of initially drafting rules for the privatisations of the state postal service and running of the airports in ways that would entrench Mr Yabrán's interests.

Mr Yabrán has persistently denied the accusations and earlier this year took out newspaper advertisements to brand Mr Cavallo's claims as "lies".

Excel's purchases include



Cavallo: kept up attack

Mr Yabrán has repeatedly denied ownership of these businesses, but Mr Cavallo alleges he controls them through a complex series of shareholdings

logistics company Villalonga Furlong and 80 per cent of Interbaires, which holds a long-term concession to operate airport duty-free shops.

Villalonga in turn owns 45 per cent of Edcadasa, which holds the concession to run airport bonded warehouses and cargo services. Mr Yabrán has repeatedly denied ownership of these businesses, other than a 10 per cent minority stake in

OCASA, but Mr Cavallo alleges he controls them through a complex series of shareholdings.

"Alfredo cannot sell what he does not own," said Wenceslao Bunge, Mr Yabrán's spokesman, yesterday. He blamed a continuing campaign by Mr Cavallo for media reports linking Mr Yabrán and the companies.

Excel yesterday denied the companies had been bought from Mr Yabrán but from other Argentine business interests. It said it had taken a strategic decision to participate in logistics and distribution in the region.

Argentina's postal market was underdeveloped and had strong potential, it added.

Excel was founded in 1993 as the first Argentina-based private equity fund. Its backers include Chase Manhattan, the Getty Family Trust, CS First Boston and the Ford Foundation. It has made direct investments of more than \$2bn in Argentina.

Mr Yabrán has always sought to maintain a low profile and until recently had rarely been seen photographed. However, this year he was called to testify before a congressional anti-mafia committee.

He has also been questioned by the judge investigating the murder in January of news photographer José Luis Cabezas, who was part of a team of journalists probing Mr Yabrán's interests.

Mr Yabrán's former head of security, Gregorio Rios, is in custody on charges of inciting the crime. Mr Yabrán denies any knowledge of it.

Bird flu hits HK tourism revival hope

By Louise Lucas in Hong Kong

Just when Hong Kong's tourism industry was beginning to feel its run of bad luck was over, a fresh hurdle to deter visitors to the territory has been thrown up: bird flu.

The killer influenza, which has so far claimed two lives, is perhaps a fitting coda to Hong Kong's year of living dangerously - the reversion to Chinese rule, region-wide financial markets mayhem, and runs on banks and cake-shops.

But it clearly is not a welcome one. As international experts flew to Hong Kong yesterday to determine, among other things, how the flu bug can be transmitted from person to person, neighbouring Taiwan was responding by slapping up warning posters at its international airports.

The Hong Kong Tourist Association acknowledges that news of the disease has spooked would-be holidaymakers. The industry is already suffering from a 20 per cent drop in tourists and is especially vulnerable to a moratorium on visitors from Taiwan, which accounts for almost

one-fifth of all Hong Kong tourists. Fears are also growing at home. Doctors report daily rising waiting rooms. The government has stepped up its vigilance insisting on the closure and sterilisation of chicken markets, and border checks on poultry arrivals (most of the territory's chicken comes from China).

Fact sheets dispensed by the government say the virus cannot be passed by eating chicken, but housewives are keeping their own counsel on the issue.

The crux of the panic is the dearth of information about the disease. Previously the H5N1 virus which causes the flu-like illness was restricted to birds. But in May, with the death of a three-year-old boy, it became clear that the virus could be transmitted to humans.

For birds, the bug is a certain killer: 4,500 died in late March when it struck poultry farms in a village in Hong Kong's New Territories.

The World Health Organisation, which has flown experts into Hong Kong, has reassured people that "although human-to-human trans-

mission is possible, at this stage there is no confirmed evidence... the H5N1 infection is not at epidemic level."

Going one step further, the government's director of health, Dr Margaret Chan, said: "The efficiency of transmission from human to human should not be high, or there would be hundreds and thousands of such cases in the territory by now, according to past experience with other types of influenza."

But the signs are rather less encouraging. Two playmates of a victim were struck with the bug, suggesting that however inefficient transmission might be it is a constant fear.

"If it is transmitted through the air, the only prevention is to take children out of circulation," says one paediatrician.

Aiding and abetting the virus on its journey is an often insidious environment. Hong Kong has an unhappy history of flu: the 1968 Hong Kong flu killed 46,500, and Asian flu (1957) also claimed lives in the territory. Germs, like money,

find the territory a conducive breeding ground.

The government rather hypocritically exhorts tourists to "wash your hands after sneezing and coughing" as part of its mission to inform visitors about the bird flu, but local hygiene is lackadaisical. Caruttitus-suited young men and women nothing of spitting on the street and on the Star Ferry, a favoured transport of locals and tourists alike, the warning not to spit comes above information about life jackets. It is not strictly heeded.

Tiny restaurants with bright plastic seating and fluorescent strip lighting can be careless when it comes to touching raw meat and innards: Hong Kong diners routinely "sterilise" their chopsticks in glasses of tea before eating.

Such precautions may now be wiser than ever. The World Health Organisation has said it could take up to six months to develop a vaccine against the disease, and only a fraction of the daily traffic in cross-border chicken is being checked for the virus.

US retailer cuts life insurance benefits for those who retired after 1978

Sears comes under pensioner 'siege'

By Nikki Tait in Chicago

Protesting pensioners are the last thing any retailer needs outside its stores in the holiday shopping season. Yet that is just what Sears Roebuck, the number two retailer in the US, seems to have wished on itself this Christmas.

At issue is the company's decision, first announced three months ago, to sharply curtail company-paid life insurance benefits to anyone who retired after 1978 - a cut that will affect about 84,000 people. Over a 10 year period, policies that are now worth tens of thousands of dollars, will be cut to just \$5,000.

But the retrospective action has stuck in the gut of many Sears pensioners. In spite of their far-flung residence and disparate nature, they have managed to co-ordinate their grievances. Lawsuits have been filed, and a protest campaign instigated to keep a public spotlight on the issue. Today, for example, a group of elderly demonstrators will lobby outside the large Oak Brook

mall in suburban Chicago, pitching the issue to shoppers in Sears' parking lot.

Momentum is growing, claims Ev Buckardt, a former president of the Sears catalogue division, who has travelled the country in recent weeks talking to local Sears Retiree Clubs: "We're growing stronger all the time and building a coalition across the country."

Already, he says, the issue has moved beyond Sears itself as employees and retirees at other companies, who are also seeing benefits squeezed, have made contact. An Internet site is planned for the New Year to help co-ordinate action.

Meanwhile, local senators - including Carol Moseley Braun and Richard Durbin in Illinois and Edward Kennedy in Massachusetts - have taken a sympathetic interest, and there is even talk of a congressional bill to tighten up on the nation's complex Employee Retirement Income Security Act next year.

Sears, by contrast, tends to play down the practical effect of the pensioners'

action. It says that, while some former employees have voiced their anger, the scene outside its stores has remained "fairly quiet".

The retailer also maintains that it regularly communicated the right to modify benefits, and notes the reduction comes against

Sears says that, while some former employees have voiced their anger, the scene outside its stores has remained 'fairly quiet'

a tradition of extremely generous retiree benefits. In 1996 alone, the company claims to have spent \$700m on retirees' medical and life benefits in aggregate. "Sears still offers the most comprehensive benefits of any retailer," it says.

But what really jars with the pensioners is retrospective nature of Sears action - affecting people who retired

up to 20 years ago and who assumed then that life insurance was not a financial concern for which they would have to take personal responsibility. "People are frightened," says Mr Buckardt, pointing out that the life policy and a house are the only significant assets which some pensioners have to leave to their spouses or children.

Looking forward, he says that the pensioners will continue to fight the issue on two fronts: "There's two courts - a court of law and the court of public opinion."

Already, four lawsuits have been filed in the Chicago courts, and this week they were consolidated into a single action. Meanwhile, a separate lawsuit seeking class action status has been filed in the California courts on behalf of Sears employees to took early retirement packages as the company restructured over the past decade.

Patrick Emery, the lawyer handling this case, estimates that about 10,000 individuals could be involved. In the early retirement cases, he argues, there was "a specific

quid pro quo" promised by the retailer - and life insurance was part of the package.

The one point on which both the retailer and the pensioners agree is that the whole issue is symptomatic of shifting corporate culture in the US.

For much of its 104-year history, Sears was the archetypal paternalistic company - playing on the notion of corporate loyalty and life-long careers - while its operations expanding to encompass a whole range of service businesses, from insurance to real estate.

Over the past five years, Sears has retrenched on the core retail business, and tackled its unwieldy cost base. The leaner, fitter look has pleased Wall Street.

Former employees acknowledge the need for change, but think there should be limits: "We are NOT giving up - we'll win through public opinion or we'll win in the courts. The courts just take a bit longer," says Buckardt. "It was a difficult decision to make, but the decision is final," counters Sears.

الشرق الأوسط

Anti-republican party threatens to quit talks as Irish PM vows to continue parole programme

Row over release of IRA prisoners

By John Murray Brown in Dublin

A row broke out last night after Bertie Ahern, prime minister of the Republic of Ireland, said he would continue to release Irish Republican Army prisoners in an effort to underpin the Northern Ireland peace process.

"I said we would do this at the start of the ceasefire in July, and we will continue to review the cases on an individual basis," Mr Ahern said.

Mr Ahern's government yesterday released nine IRA members from its top security Portlaoise prison. Among them were Brendan

Dowd, a leading figure in the IRA's campaigns of the 1970s in mainland Britain; Sean Kinsella, convicted of the 1974 murder of Irish politician Billy Fox; and Peter Maguire, convicted in the US three years ago in connection with a plot to supply the IRA with missiles to attack British Army helicopters in Northern Ireland.

The releases were authorised by John O'Donoghue, the republic's justice minister, who said each case had been carefully assessed.

However, David Ervine, chief negotiator at the talks of the Progressive Unionist party, the political wing of the Ulster Volunteer

Force, the British and Irish governments were "bending over backwards" to appease republicans.

Mr Ervine complained there was a "process operating outside the negotiations; it is absolutely unreasonable and totally unfair". He warned it was unlikely his party would be at the talks when they reconvened on January 12.

Both governments have acknowledged the need to build public confidence in the peace process by easing security measures and taking a more flexible line to paramilitary prisoners of both traditions.

Meanwhile, more prisoners sentenced for terrorism in Britain

have been repatriated to Irish jails. Most recently 58-year-old Vincent Donnelly was flown this week to Portlaoise. He was jailed for life in 1977 for bombing offences, with a recommendation he should serve a minimum of 30 years.

Irish legislation allows the republic's government to make a political decision to release prisoners under license, but in Britain prisoners serving life terms can be released early only on the recommendations of the Independent Life Sentence Review Board.

The increases in Christmas parole in the republic have drawn criticism in the UK. Sir Donald

MacLean, widower of one of the Brighton bombing victims at the 1984 Conservative party conference, wrote yesterday to complain to Tony Blair, the prime minister.

Mr Ahern last night defended his decision saying he advocated "an active, enlightened fully impartial attitude" to "politically motivated prisoners".

However, Jeffrey Donaldson, Ulster Unionist MP for Lagan Valley said the releases were "over-shadowing and undermining confidence" in the talks. He said he would recommend to his party leader David Trimble that he review their presence at the talks.

Global money transfers to face scrutiny

By Christopher Brown-Humes

The government yesterday announced plans to clamp down on high bank charges for cross-border money transfers. The changes - to bring the UK into line with a European Union directive - will benefit businesses moving money between one EU country and another.

Sending money out of the UK by electronic credit transfer is an increasingly popular payment method, replacing more traditional methods such as bankers drafts and cheques.

Under the proposals banks must:

- Give customers information about delivery times, prices, exchange rates and redress procedures. Each transaction will have its own reference number.
- Provide compensation, through an interest payment, for late delivery. Normally, money must be credited to a beneficiary's account within six days.
- Stop double charging. This means the sender's bank can impose a charge but the recipient bank will not be able to deduct charges from money transferred unless the sender has specifically agreed to it. Reimbursement will be required if double-charging happens.

The recipient bank will be allowed to make a small administration charge - provided this does not eat into the amount transferred. But the government is worried that this could undermine the prohibition on double charging.

If transfers do not arrive, the sender must be reimbursed in full up to a ceiling of £12,500, within 14 days of the customer's request, with repayment of charges and fees, plus interest.

The government says it will consult on the proposals until June 30 1998, and will then introduce secondary legislation. The directive came into force in February this year and has to be implemented by August 1999.

US printer aims to wrap up competition

Hostile bid for Walmoughs follows global trend

Quebecor Printing's hostile bid for Walmoughs of the UK is a sign that the consolidation rippling through the paper, packaging and printing industry worldwide has reached Britain.

The move by north America's second largest commercial printer comes just weeks after a recommended offer for Britton Group, another of the weaker quoted performers in the UK sector.

Britton and Walmoughs, in common with much of the sector, have performed so badly in recent months that, even including the chunky bid premiums being offered, they will represent poor investments over the year.

Britton, a packaging and plastics business with its main subsidiary in the US, stood its ground after a tentative approach from Carstar, another North American group, in October at a price it considered too low.

However, a higher offer of 140p a share from ACX Technologies of the US, recommended by its board last month and valuing it at £188m, is still below its share

price of 147p on January 1. "It's very important that Britton happened," said Francesca Raleigh of Panmure Gordon, the broker. "Consolidation has been happening in other countries and, in the UK, this deal should pave the way for others to come in."

The two bids follow a spate of larger cross-border

packaging and distribution group.

In the UK, the sector has lagged behind the FTSE All-Share index by about 30 per cent this year. It has been so out of favour that company valuations have fallen to enticingly low levels. A main factor behind the malaise has been the strengthening pound.

The example of David S. Smith, the London-based papermaker and packaging producer, shows just how dramatic the sterling impact can be.

Before the pound strengthened, analysts considered it one of the best-managed, most efficient and lowest-cost producers in its markets in Europe.

However, mainly because of currency, its pre-tax profits halved to £29.3m in the first six months of this year and margins fell from 10.2 to 6.1 per cent.

One of the main reasons for increased competition - and for consolidation in the sector - has been moves by the big printing and packaging users, notably the multinational consumer goods and pharmaceutical groups, to rationalise their supply bases.

deals in the sector, including UPM-Kymmene of Finland's tie-up in fine paper with Asia Pacific Resources International of Singapore and its \$650m (£394m) acquisition of Blandin Paper of the US.

Suppi of South Africa has also furthered its global ambitions by buying the papermaking division of KNP BT, the Dutch

their commanders seen as entrepreneurs.

"The army with land-based guided missiles could compete with the air force and its manned combat aircraft for air defence," Prof Hartley writes in a "defence economics" issue of the institute's quarterly journal. "Land-based maritime patrol aircraft operated by the air force could compete with the navy's warships for anti-submarine defence... Mergers and takeovers between bases and units would be allowed."

Officers and officials said processes like those suggested by Prof Hartley - but minus the ideology - were common practice. Each mission planned at permanent joint headquarters at Northwood near London is

The paper chain

Relative to All-Share (FTSE indices)

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Jan

Source: DataStream/ICI

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Revival hope

who retired in 1995

missioner 'siege'

Commanders scorn plan to make them competing entrepreneurs

By Alexander Nicoll, Defence Correspondent

Britain's armed services are marshalling their forces to ward off a new adversary: defence economists.

Already deep in the trenches as they cope with the Labour government's strategic defence review, military chiefs are likely to give a gruff response to the latest ideas from the free-market think tank, the Institute of Economic Affairs, on how to defend the country.

Keith Hartley, an economics professor who is director of the centre for defence economics at York University, wants the services to bid against each other for the provision of defences. He also wants military bases to become profit centres, with

studied to determine the best resources to assign to it. This is not a commercial bidding process, but each service contributes specialist skills to a joint force.

Commanders of military bases are budget-holders who plan resources and have targets. Regiments and units merged as part of the 1990s defence cuts so that, for example, training to fly helicopters is now unified.

"Where Hartley is off-beam," said one senior officer, "is in expecting the services to compete for budgetary advantage against each other. Our aspirations are in no way associated with competition. We try to operate in an integrated way with the individual services complementing each other."

Thus, for example, the

RAF has Harrier GR7 aircraft operating off the aircraft carrier *Invincible* in the Mediterranean as part of the build-up against Iraq.

Officers said Hartley's specific ideas on competitive bidding were non-runners which would reduce defence capability: air defence had to be a layered process involving several elements, and the best defence against submarines would depend on circumstances.

The drive towards integration of skills - known as "jointness" - is likely to be pushed forward by the defence review next year. Instead of bidding to provide helicopter services as Prof Hartley suggests, a pooling of helicopters now operated separately is believed to be under consideration.

When the writ was issued, Rolls-Royce, apart from saying it intended to defend itself "vigorously", declined to give details of the value of engines supplied to the Saudi Air Force or to explain its policy on commissions.

The political sensitivities of the dispute are highlighted by UK government denials that commissions were paid on Al Yamamah. Under the Conservative government, the House of Commons was told in 1994 that "no commissions were paid and no agents or any middle-men were involved".

However, in an apparent change of emphasis, Labour defence minister John Speller told the Commons in June that "any use of agents by companies associated with Al Yamamah is a matter for those companies".

He added that the government had been reassured by the prime contractor, British Aerospace, that UK companies had operated "in accordance with the laws and regulations of Saudi Arabia".

Reports by John Mason, Jimmy Burns and George Parker

Rolls-Royce silent on Saudi talks

Withdrawal of writ has opened way to negotiations, report FT writers

Rolls-Royce, the UK aircraft engine manufacturer, is believed to have agreed to hold talks to settle a potentially embarrassing legal dispute over its alleged payment of commissions to win contracts for military aircraft engines. The contracts were part of the controversial £200m (US\$300m) Al Yamamah arms deal between the UK and Saudi Arabian governments.

A Panamanian-registered company claiming tens of millions of pounds in commissions from Rolls-Royce over its sale of engines for Tornados and Hawk aircraft to the Saudi Air force this week withdrew a London High Court writ to allow talks to begin.

The payment of large commissions by European exporters is not yet illegal, but has caused considerable concern, particularly if the commissions appear to amount to the corrupt giving of bribes. The use of corrupt commissions to win export orders is to be made illegal next year under an initiative led by the Organisation for Economic Co-operation and Development.

The payment of commissions in the arms trade is a



Tornadoes in the livery of the Royal Saudi Air Force

notoriously secretive subject. This case is particularly sensitive for the UK government which has denied commissions were paid to win the Al Yamamah contracts. The dispute could undermine the claim by the former UK Conservative government that no commissions were paid to win contracts.

Rolls-Royce has declined to comment on the case, beyond an initial statement it intended to defend the writ vigorously. It would also not deny reports that talks were planned.

According to the writ, Rolls-Royce agreed to pay commissions of 15 per cent of the purchase price of every RB199 and Adour

engine sold to the Saudi Air Force, and an extra 100 per cent of anything above £2.3m paid for the RB199 and £1.167m for the Adour engine.

Davies Arnold Cooper, the law firm acting for Aerospace Engineering Design Corporation, the Panama company, also declined to comment.

Little is known about Aerospace Engineering Design Corporation, which claims to have acted as Rolls-Royce's agent throughout the Al Yamamah negotiations. Its ultimate ownership remains unclear, although it is understood the company has close links with prominent Saudi nationals.

The company was registered in December 1984 when the government of the then prime minister, Margaret Thatcher, was close to completing more than three years of secret negotiations on defence contracts with the Saudis. Its nominal directors are three Panamanian lawyers.

The company's registered address is the same as that of at least one Panamanian company set up by Sheikh Abdul Aziz bin Ibrahim Al Ibrahim, brother-in-law of King Fahd, the Saudi ruler.

The writ claims Rolls-Royce agreed to pay its agents commissions on any RB199 or Adour engines which power Tornados and Hawks sold to the Saudi Air Force in Al Yamamah.

The writ also claims Rolls-Royce agreed to pay commissions of 8 per cent of the purchase price. However, it also claims the true commission rate was in fact at least 15 per cent of the price.

Letters from Rolls-Royce written in 1985 said commissions could total 15 per cent plus an extra 100 per cent of anything over prices of £2.3m for the RB199 and £1.167m for the Adour. It is claimed, according to the writ, Rolls-Royce acknowl-

UK NEWS DIGEST

Council boss lied, say judges

Dame Shirley Porter, the former Conservative leader of Westminster City Council, lied to the High Court and was guilty of wilful misconduct over the Conservative municipal authority's policy of selling council homes to boost the party's vote, three judges ruled yesterday. The ancient City of Westminster includes the Houses of Parliament, the West End of London and some of the capital's wealthiest districts.

David Weeks, the deputy leader in the late 1980s, had also lied to the court and was guilty of similar wilful misconduct over the "homes for votes" policy, the judges said. The two former councillors should be jointly liable to pay a surcharge of £27,000,376 (about \$44.5m), they ruled. Three others were cleared of wilful misconduct. The five were appealing to the High Court against the findings of district auditor John Magill that they were guilty of "disgraceful and improper gerrymandering".

Under the "Building Stable Communities" policy, introduced in 1986 under Dame Shirley's leadership, it was initially proposed to sell council homes in marginal wards in an attempt to boost the Conservative vote at the 1990 local elections. However, the council was given legal advice that this policy would be illegal if applied only to marginal wards. The policy was then changed to apply over the entire city.

But the judges said the adoption of a city-wide policy was simply "dressing-up". They said: "Their [Dame Shirley and Mr Weeks] purpose throughout was to achieve unlawful electoral advantage."

"Knowledge of the unlawfulness and such deliberate dressing-up, both inevitably point to... wilful misconduct on behalf of each of them."

John Mason

THE ECONOMY

Surge in profitability of services

Service sector business profitability surged last year, a government survey showed yesterday. The Office for National Statistics' expanded annual business survey found that gross value-added income for service industries was 16.6 per cent higher in 1996 than the previous year. Gross added-value is calculated by subtracting what a business pays for its goods from what it receives for them. The ONS estimated that gross added-value for production industries increased by 4.5 per cent last year, to £175.4bn (£289.41bn). The figure for distribution industries increased 15.2 per cent to £73.2bn, while the construction sector grew 10.3 per cent to £26.7bn. The new survey is the first to bring together the four sectors, making up two-thirds of the UK economy, and show direct comparisons between them.

Richard Adams

SHIPBUILDING

Scottish yard wins \$62m order

The Norwegian-owned Kvaerner Gordan shipyard in Scotland has won a \$38m (\$62.7m) order for an offshore oil test ship. Work has already started on the vessel for Brevig Offshore, of Norway, which has declared an option for a second vessel.

Delivery of the first vessel is scheduled for June 1999. Managing director Sighvinn Ellingsen said the new order was "very welcome confirmation" that Gordan's quality and competitiveness was starting to have an impact in the marketplace.

BUSINESSES FOR SALE

Thriving Multi Depot Car Trailer/Box Bar Dealership
4 Strategically placed Depots
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Saturday December 20 1997

Down, but not yet out

Asia, the tarnished miracle-worker, continues to inflict unseasonal lurches on the rest of the world's equity markets. Meantime the flight to quality has been going on for so long that a more dignified noun may soon be needed to describe the flow of money into US, European and Japanese bonds.

The stock market falls at the end of this week were in part a reflection of disillusionment with yet another Japanese fiscal package that fell short of what is required to restore confidence to the economy. Then came the collapse of a medium sized food-stuffs trader, Toshoku, which served as a reminder that the credit crunch in Japanese banking is becoming ever tighter.

Nor were the worries confined to Japan. Unseemly in South Korea has been compounded by the victory of opposition leader Kim Dae-jung in the presidential election. A peaceful transition to a government of the centre-left is a welcome sign of growing democratic maturity in Korea, but the uncertainties remain daunting.

While Mr Kim has become more conciliatory towards the International Monetary Fund's programme for Korea, he is still an unknown quantity in government. And since he will not take office until the end of February, the country has to find its way through a devastating economic crisis without effective leadership for two long months.

But the real problem is that none of the proffered remedies for Asia's ills appears to be working. The IMF's medicine for Korea has failed to inspire confidence in the markets. As for Japan, the politicians appear to waver between hoping that something will turn up and pulling under-sized rabbits out of the Ministry of Finance's hat. While prime minister Ryutaro Hashimoto, under heavy international pressure, made an important U-turn by reducing income tax despite earlier pledges to the contrary, the aggregate fiscal impact of his measures was simply inadequate for the task.

Generating momentum

When a country is suffering from an excessive burden of debt, a fiscal boost has to be of sufficient size and duration. It needs to generate the momentum to ensure that when the subsequent fiscal contraction comes, the private sector can withstand the blow and take over the running. Not so, as of

this week. Given that the Nikkei index is close to danger zones again after its fall of more than five per cent yesterday, a more radical attempt to address the problems of the economy and the banking system is becoming urgently needed, and Mr Hashimoto may not be the man for the job.

The other outstanding Asian question concerns China, which has exhausted most of the competitiveness advantage gained from its 1994 devaluation. It now confronts cheap competition from the rest of Asia, which constitutes the market for nearly 70 per cent of its exports. The risk is that a further devaluation of the yuan could cause another round of competitive devaluations and financial shocks.

Tussle for dominance

For the rest of the world the fate of the markets is finely balanced. As the analysts at UBS neatly put it, the story is all about the tussle for dominance between deflationary Asia plus Japan, representing 33 per cent of world GDP, and disinflationary Europe and the US, comprising around 41 per cent of world GDP. What makes judgments so difficult is that the outcome hinges so heavily on policy.

Policy in Asia is unpredictable. In Europe it is increasingly inflexible, with independent central banking and fiscal regimes that are ill-designed to cope with large-scale global shocks. That leaves the US with disproportionate responsibility. The disinflationary impulse from Asia means that it will be a long time before the Federal Reserve is ready to raise interest rates again. The corporate sector has a warning ability to raise prices and is returning to laying employees off to keep profits up. Capital investment, which has played a big role in the US economic recovery until now, will decline as surplus capacity in Asia leads to the dumping of goods in the US.

Yet the lead times in investment are long. And while the risk in equities appears at present to lie on the side of worsening conditions in Asia and much lower growth in the US, there is still an alternative scenario. A hint of an Asian turnaround, together with continuing easy credit conditions in the US might just permit one last spurt of a mature US business cycle. The markets may stay fragile into the New Year. But it is too early to rule out a return of confidence on Wall Street.

COMMENT & ANALYSIS

Save the IMF, please

The US Congress may impose tough conditions on Washington's bail-out of the International Monetary Fund, says Gerard Baker

It is not every day that the chairman of the US Federal Reserve drops in for coffee unannounced. So when Alan Greenspan made a surprise call on a Republican congressional strategy session on Capitol Hill on Wednesday, the party's leaders knew they were about to hear something important.

Mr Greenspan was not alone. Stepping smartly in behind him were Robert Rubin, the US treasury secretary, and William Cohen, the defence secretary. Their mission was to provide what one of the congressmen present described as a "very frank" assessment of the state of world financial markets in the wake of the Asian currency crisis.

US officials characterised the meeting as simply an opportunity to update congressional leaders on recent economic events. They denied any suggestion that there was anything specific they were hoping to get from the members of Congress. Mr Greenspan and Mr Rubin spoke of the continuing financial effect of the Asian problems, while Mr Cohen explained the potential security implications.

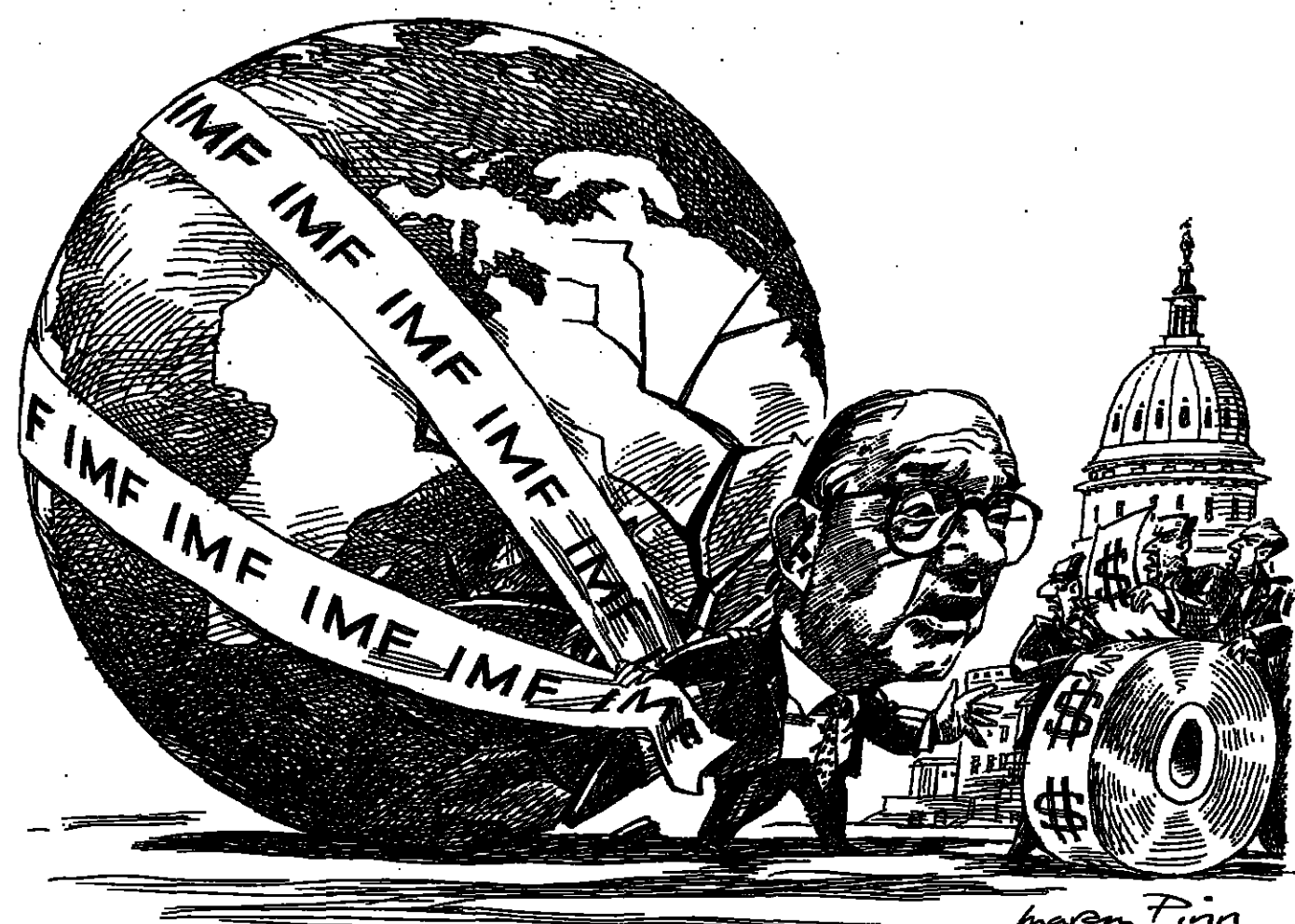
But the extraordinary *démarche* by some of the highest-ranking officials in the land clearly had an ulterior motive. The visitors were attempting to persuade the Republicans not to damage the fragile lifeboat the US has been painstakingly constructing during the past few months to rescue the Asian countries' economies.

Above all they were seeking to impress on the leadership the importance of the role played by the International Monetary Fund, the multilateral lending institution designed to provide funds in emergencies to countries in crisis. And, in a political atmosphere of growing hostility towards the IMF, they urged the Congress to back them in their efforts to improve the Fund's finances.

In the past month, the IMF-led bail-outs of Thailand, Indonesia and South Korea have come under strong attack in Washington and elsewhere. Critics in Congress have accused the Fund variously of being too soft or too hard on the countries concerned, of oppressing the poor or of letting cheap labour destroy American jobs.

Though some of the attacks come from familiar sources, officials are concerned that the irritation caused by the Asian crisis could seriously damage the IMF. That in turn threatens to scupper the entire US strategy for dealing with the new breed of financial crises.

The US has been instrumental in placing the IMF at the centre of the efforts to stabilise the global economy in the past six months. This policy reflects above all a recognition that,



unlike the case of Mexico in 1994-95, even the mighty US does not have sufficient resources to take the lead role in resolving financial crises. These are characterised by massive and rapid movements of capital that can undermine even apparently healthy economies.

The US, together with most of the leading industrialised countries, is also eager to ensure that rescue packages are indeed run by the IMF - with its tough programmes of often unpalatable medicine. It was with this strategy in mind that the US built the framework for the support of emerging countries in crisis in the past few months: multilateral lending programmes, with the US and other countries supplying back-up support, though led by the IMF.

But prospects for the success of that strategy have darkened in the past few weeks. Having neutralised opposition from other Asian countries to this approach, the US administration now faces a much sterner test - that of congressional opposition from both sides of the domestic political divide.

Many Republicans are hostile to what they see as large, publicly funded schemes using taxpayers' money to protect countries and investors from the consequences of their own mis-

judgments. This, they say, raises the risk of moral hazard.

Some Democrats have voiced hostility for an entirely different reason. They see the recent Fund efforts in Asia as propping up countries that, through the use of cheap labour, undercut US goods in world markets. And politicians of all sides want to impose conditions on the kind of practices the IMF promotes in programmes around the world.

Two requests for extra IMF funds are pending before Congress. One, whereby the US would provide a further \$3.5bn in extra financing to pay for the Fund's so-called New Arrangements to Borrow, was thrown out by Republicans last month when it became entangled in a debate about funding organisations that advocate family planning.

Another, which the Congress has not yet even considered, would increase US contributions to the IMF's main capital resources by \$14.5bn.

With the Congress soon to consider these proposals again, administration officials were clearly irritated last week by a sudden request from Michel Camdessus, the IMF's managing director, for an even larger capital subscription, of an additional \$8bn, that could complicate their task further.

Mr Greenspan and his cohorts

received a polite welcome when they gently pointed out to their audience the importance of the IMF in the global US strategy.

James Leach, chairman of the House of Representatives' banking committee and a firm supporter of the IMF, said after the meeting that the congressional leadership had listened very attentively to the concerns of the officials. "It was a thoroughly appropriate account given to the congressional leadership of the international circumstance that has developed over the past few weeks and its implications for the US and the world," he said.

It would, though, added Mr Leach, "be premature to make any judgment about whether the Congress will agree to these requests".

Congress may end up agreeing to provide the extra IMF contributions - but with strings attached. "We must make sure there are real reforms" demanded of countries the IMF bails out, says Newt Gingrich, the speaker of the House of Representatives.

John Boehner, another leading Republican, says the congressional leadership was "there to listen and get our questions answered. We made no commitment of any sort."

This raises the spectre of administration officials attaching stipulations to any extra IMF funding on issues as diverse as contraception to labour and environment codes.

The consequences of such a deal - or worse still no deal at all - could be grave. The IMF's resources have been severely depleted in the past six months and need to be replenished. And though there may be enough in the kitty to meet current commitments in the Asian crisis, there is a bigger, longer-term concern in Washington.

Even if the IMF survives the present crisis, the ability of the Fund to play a leading role in future upheavals could be severely damaged, both by the recent blows to its credibility and by the inadequacy of its remaining resources.

The carefully constructed architecture for dealing with international financial crises would then be in ruins, leaving a potential vacuum in the world response to financial crisis. Worse still for the US, Washington would probably have to fill the gap.

This week's remarkable meeting on Capitol Hill marked the beginning of an intense effort by policymakers to avoid that outcome. It is likely to be a fierce struggle.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Human rights at risk if limits of genetic engineering widened

From Dr Stefan Winter.

Sir, I disagree with the conclusions of the article "A wolf in sheep's clothing" (December 6-7) by Clive Cookson and Daniel Green. They seem to conclude that unlimited cloning research, germ line interventions, designer babies, and sacrifice of civil liberties in order to undertake some types of genetic engineering will inevitably be accepted.

Fundamental principles of the dignity and identity of human beings are enshrined in international legal instruments such as the European Convention on Human Rights and the Convention on Human Rights and Biomedicine and cannot coexist with the types of development foreseen in this article. "The Convention on Human Rights and Biomedicine prohibits any form of discrimination against a person

on grounds of genetic heritage. The convention requires that genetic tests only be carried out for health purposes or for scientific research linked to health purposes, which has been approved by an independent multidisciplinary ethics committee, subject to appropriate genetic counselling. It also prohibits any intervention on the human genome which is not for preventive, diagnostic or therapeutic purposes and only if its aim is not to introduce any modification in the genome of any descendants. Abandonment of such safeguards could quickly lead to eugenic abuses which would threaten human rights and freedom.

Further, while cloning cells and tissues and research on such cloning may be ethically acceptable, accepting the cloning of human individuals would

threaten the dignity of human beings through instrumentalisation. Human identity could also be endangered by the predetermination of a person's genetic make-up by a third party.

For these reasons, an additional protocol to the Convention on Human Rights and Biomedicine on the Prohibition of Cloning Human Beings was developed at the Council of Europe and will be opened for signature in Paris on January 12 1998. Human dignity and fundamental human rights are not relative.

Stefan Winter,
vice-chairman,
European Steering Committee on Bioethics at the Council of Europe, Strasbourg,
c/o Federal Ministry of Health,
Am Propsthof 78a,
53121 Bonn, Germany

Beyond the nanny state

From Mr Douglas Finney.

Sir, The complacency of Jack Cunningham, the agriculture minister, as demonstrated in his letter (December 18), is breathtaking in the light of universal criticism of the "off-the-bone" diet from all quarters, not least from yourself and your readers. There is no need to rehearse the arguments. It is important to note, however, that the state in recent years has moved from being a "nanny" (three small potatoes) to authoritarian (no piglet shooting) and at present to what can only be described as proto-fascist.

What right has Mr Cunningham to decide on my behalf that I am unable to comprehend statistically infinitesimal to meaningful risks. There is no public health issue since there is no problem of contagion. Why does he do it? The only explanation appears to be his desire to wield power over his fellow citizens.

Douglas Finney,
34 Bellingbrooke Grove,
London SW11 6EA, UK

Not so Smart

From Mr Barney Trench.

Sir, The Smart car is an urban runabout ("Daimler-Benz delays second new car over safety fears", December 19). The chances of meeting an elk in a city centre are remote, even in Sweden.

Barney Trench,
83 rue Marie-Thérèse,
1210-Brussels, Belgium

More like a heatwave at this temperature

From Mr Alan Duncan.

Sir, Your article "Cold hearts, warm milk in Moscow" (December 17), taken with similar reports elsewhere, gives the impression that -35C is an extraordinarily low temperature in which people cannot survive or conduct normal daily lives.

Has anyone heard of Canada and the northern states of the US? I lived in Edmonton, Alberta, from 1981 to 1983. The winter of 1981 was particularly cold, with temperatures regularly below -40C. Temperatures from mid-November to the end of March did not rise above 0C. Winds as

low as 10 mph created an effective temperature of -60C.

The second winter was only as low as -56C. People in Canada and the US are used to these extremes and plan accordingly: for example, car engines have built-in heaters, which are plugged into specially adapted fences, office car parks, garages etc. Life continues uninterrupted only by snowfalls, which are quickly and efficiently cleared, then dumped outside of the city.

Russia has had a long reputation for extremes of cold weather so why does the current situation

take it or the various media commentators by surprise. Like the cities during the Soviet era that did not officially exist, were the Soviets feeding us with false information about their climate? Were they really living in some sub-tropical climate all these years? Now that communism has fallen, is the truth out at last? Perhaps Napoleon and Hitler failed because, incredibly, the Soviets got their towel on the sun-bed first!

Alan Duncan,
67 Newburgh Drive,
Aberdeen AB22 8SR, UK

PIRAEUS FINANCE

FINANCIAL AND CONSULTANCY SERVICES S.A.

INVITATION

FOR EXPRESSIONS OF INTEREST IN PURCHASING

THE TOTAL ASSETS OF

"INTERNATIONAL CLOTHING INDUSTRY S.A."

NOW UNDER SPECIAL LIQUIDATION

PIRAEUS FINANCE S.A. (established in Athens at 20 Amalios and 5 Souri Streets) is an entity as special liquidator of INTERNATIONAL CLOTHING INDUSTRY S.A. (established in Athens at 64 Vass. Sophias Avenue, 1 which has been placed under special liquidation at per article 46a of Law 1892/90 by Decision No. 667/18.7.79 and 576/22.11.91 of the Athens Court of Appeal)

INVITES

Interested parties to express their interest in purchasing the total assets of INTERNATIONAL CLOTHING INDUSTRY S.A. by submitting written twenty (20) days from today a written, non-binding expression of interest.

Summary Data on the Company under Liquidation

The company under liquidation was established in 1973 for the manufacture and sale of clothing and woven materials of all types, the representation in Greece of hundred enterprises, participation in other enterprises, etc. Within the framework of its objectives, the company established, in the Thessaloniki district of the prefecture of Macedonia, a modern factory producing ready-made clothes. This factory ceased functioning on a regular basis from the beginning of 1997. Since 1996, the company has been losing financial problems and finally, following an application by its creditors, it was placed under special liquidation through the above-mentioned decisions of the Athens Court of Appeal.

Summary Data on the Assets for Sale

Included among the assets of the company under liquidation are:

- A complex factory complex for the production of ready-made clothing in the Thessaloniki district of the prefecture of Macedonia, built on a plot measuring 21,805m² in area (surface area of the building complex is about 10,100 m²).
- Building complex (warehouses, offices, etc.) with a total area of 9,302.30 m² in the land district of the community of Pella, Attica.
- Independently owned offices which occupy the entire 4th floor (total area: 524 m²) of the apartment building at 64 Vass. Sophias Ave.
- Independently owned 1/2 of the independently owned offices which occupy the fifth floor (total area 524 m²) of the above apartment building.
- Individually owned 1/5 of an area of 10,000 m² in the district of Oros, Evros, as well as the individually owned 1/2 of a plot of land 909 m² (with a 40 m² building on it) in the district of Leptoteia, Evros.
- Claims and stocks of raw materials and finished products as well as the "AMERICANINO" made mark in all the countries of the world except Greece, Cyprus, Japan, China, Hong Kong, Indonesia and South America.

A detailed description of the above data, as well of other remaining assets, is contained in the offering memorandum which is available to prospective buyers.

Sale Procedure

The sale will take place by Public Auction to the Highest Bidder in accordance with the provisions of article 46a of Law 1892/90 (as supplemented by article 14 of Law 2009/91 and later amended) and the terms of the relative announcement of the auction which will be published in the same newspapers and within the time limits prescribed by law.

Prospective buyers, on signature of a confidentiality agreement, may receive the offering memorandum within the legal time limits. Also, they may obtain supplementary information and data and may visit the premises of the company under liquidation.

Submission of Expressions of Interest

For the submission of expressions of interest as well as for supplementary information, prospective buyers may apply to the liquidator:

Piraeus Finance, Financial and Consultancy S.A., 20 Amalios and 5 Souri Streets, 105 57 Athens, Greece. Tel: (210) 355 5251, Fax: (210) 351 9023.

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says Gerard Baker

Man in the News • Kim Dae-jung

Fourth time lucky

John Burton on the winner of the South Korean election

It has been an extraordinary two weeks for South Korea. First it has embarked on an economic revolution; now, on a political one.

The tough terms attached to the International Monetary Fund's \$57bn rescue are likely to transform the country by leading to the dismantling of Korea's dirigiste economy.

The election of Kim Dae-jung as president is both a political counterpart to this economic change and a reaction to it. It is a counterpart because, for the first time in the country's 50-year history, there will be a peaceful transfer of power to the centre-left opposition. His victory threatens the political elite that has run the country for decades.

And it is a reaction because Mr Kim owes his victory to public anger over Korea's economic crisis and the IMF package that is a response to it. During the campaign, Mr Kim criticised the conditions that the Fund attached to the bailout.

The president-elect's core constituency includes trade unionists, small businesses people and farmers - the groups who are most vulnerable to the market-opening measures demanded by the IMF.

But Mr Kim was at pains yesterday to reassure domestic and foreign investors that he was committed to implementing the Fund's programme as he warned his countrymen that "reform without pain is impossible".

Mr Kim's reputation as a

champion of the poor and his noted rhetorical skills may yet win the public over to the controversial IMF conditions. Economic reform, he says, will help promote democracy in Korea as power is taken away from the conglomerates, or *chaebol*, and their bureaucratic allies who have dominated the nation at the expense of small business.

Known by his supporters as "Korea's Mandela", Mr Kim built his career on standing up courageously to the sometimes brutal military governments that ruled the country between 1961 and 1979.

He earned the military's enmity by challenging Park Chung-hee, Korea's first army strongman, in a presidential election in 1971. He nearly won even though the polls were rigged. For his pains, Mr Kim spent much of the 1970s under house arrest or in prison, after being kidnapped from Tokyo in 1973 by South Korea's feared intelligence agency. He narrowly escaped execution.

He was arrested again in May 1980 after the army crushed a pro-democracy protest and killed at least 200 people in the city of Kwangju. Mr Kim's political stronghold. Accused of hav-

ing instigated agitation, he was convicted and sentenced to death.

With his tweed suits and Catholic faith, Mr Kim seemed an unlikely subversive. Following widespread international protests, he was released in 1982 and sought political exile in the US. In 1985, he returned and was placed under house arrest again for one year.

The downfall of the military dictatorship in 1987 allowed him to stand as a presidential candidate in an election that year, but he lost as he did again in 1992. This week, a split in votes between two centre-right candidates gave a narrow victory to his fourth bid for the presidency.

Many Koreans feel alienated by Mr Kim. He has been a strong advocate of trade union rights and a harsh critic of big business. These views are considered radical in a nation where anti-communism remains the guiding ideology because of South Korea's confrontation with its Stalinist neighbour to the north. It is common to hear Mr Kim described as a "communist" around the dining tables of Kangnam, the district of Seoul that is home to many of the country's leading businessmen.

Mr Kim's "red" image has limited his appeal outside his home base of Cholla, the underdeveloped region of the south-west where he usually receives more than 90 per cent of the vote.

Korea is a country in which regional divisions run deep. Local loyalties can be traced back 1,500 years to when the nation was divided into three separate kingdoms. Today, industrial modernisation has largely bypassed Cholla, because former presidents have tended to favour their home regions when state-supported projects have been doled out. Prejudices against people from Cholla (who, in the stereotypes of other regions, are regarded as untrustworthy) means big conglomerates have often refused to hire people from that region for top positions.

This has created a great amount of *han*, a Korean word that describes deep-seated resentment, in Cholla and explains the loyal support for *sonaeung* (teacher) Kim as the leading champion for the region's interests.

Cholla's *han* could be the catalyst for a sweeping reshuffle of the government bureaucracy that has held back economic reforms - because so many members

of the elite (in government and business alike) come from outside the region. The shake-up of agencies such as the finance ministry would also help break the cosy ties between the government and *chaebol*.

Apart from shaking up the country's established elites, what else can be expected from Mr Kim and his team? It is hard to be sure because his team is a surprisingly disparate one.

Mr Kim has close ties with the trade unions. These are often assumed to be an obstacle to implementing the IMF programme. In many ways that is true. But in one respect the links could help economic reforms. Mr Kim might be able to persuade workers to support the programme in return for greater recognition of union rights and improvements in social welfare for the unemployed.

On the other hand, Mr Kim will be under union pressure to resist job cuts resulting from the restructuring of the bloated conglomerates. While pledging support for the IMF yesterday, he said he would want to "minimise" conditions that could lead to greater unemployment.

In addition to his trade union links, Mr Kim has

formed an electoral alliance with a small conservative party that represents a strand of opinion at odds with the unions. This is the United Liberal Democrats, which represents the architects of Korea's state-led industrialisation in the 1960s and 1970s. ULD figures such as Park Tae-yoon, the founder of state-run Pohang Iron & Steel, the world's second largest steelmaker, are likely to hold high posts in Mr Kim's administration.

Mr Kim's own team of economic advisers is regarded as unimpressive, although one rising star is Yoon Jong-keun, the governor of North Cholla province, who is a bitter critic of state economic control. Mr Yoon has encouraged the growth of small businesses in his province and has sought to attract foreign investment, including the proposed purchase of a bankrupt ski resort by Michael Jackson, the US pop singer.

It will be up to Mr Kim to balance the interests of the unions and his ULD partners against reformers such as Mr Yoon while also combating the opposition to change that is likely to come from threatened elites. The infighting "could delay the formation of a coherent economic policy for months", says George Goundry, an analyst for ABN AMRO Hoare Govett in Seoul.

But Korea cannot afford to wait as it seeks to regain the confidence of foreign investors. Mr Kim has an opportunity that rarely comes to change the course of a nation.



Despite his impressive record as a fighter for democracy, his reputation will finally rest on whether he succeeds in reforming Korea and making it a competitive economic power once again.

Roger Matthews looks at the legacy the South African president has left his successor as leader of the ANC

Dawn of a post-Mandela era

This has been a rough week for some South Africans. In no particular order of suffering they include most whites, counter-revolutionaries, newspaper proprietors, people who joined the African National Congress to get ahead, elitists, bosses of big companies, anyone favouring the death penalty, profiteers, and most opposition parties.

One thread links this odd group. They all stand accused, by no less a person than Nelson Mandela, of blocking or sabotaging the transformation of South Africa. For nearly five hours on Tuesday the 79-year-old president stood perspiring on the podium at a conference hall in the north-western town of Mafikeng reading out this litany of accusations.

The contrast with an hour-long televised interview two days before - when Mr Mandela, in his more familiar mode stressing forgiveness and reconciliation, had spoken of the ANC's achievements as a "near-miracle" - could scarcely have been more complete.

Mr Mandela's two appearances said much about the apprehensions and divisions of South Africa as it moves

into another period of transition - from the Mandela-dominated, post-apartheid era to a post-Mandela time in which the country will no longer have the glue of his personality to hold it together.

The old South Africa was on curmudgeonly display yesterday as P.W. Botha, the last but one apartheid-era president, refused again to testify before the truth and reconciliation commission, causing its chairman, Archbishop Desmond Tutu, to lay charges against him.

The future South Africa had taken a formal bow two days before when Thabo Mbeki assumed the leadership of the ANC from Mr Mandela. Barring accidents, Mr Mbeki will become president in 1999. He is well aware that he can never reassure the white population as Mr Mandela has done.

The constituency that will ensure his election, or threaten his premiership, is essentially black. And it is a constituency that is becoming more restless as the economic fruits of political



South Africa's past and present: (left to right) P.W. Botha, Thabo Mbeki and Nelson Mandela

power prove slow to ripen. Trevor Manuel, the finance minister, has this week paid for the unpopularity of fiscal discipline, failing to secure nomination to the national executive committee. Mr Mbeki's first task as ANC leader is to bait that erosion of confidence in the government and deliver another solid election victory in 18 months.



His smooth assumption of power should ensure external confidence in South Africa's stability. But what he most needed from Mr Mandela was a public blessing for a change in leadership style. "What happened this week was Mr Mandela showing a willingness to sacrifice a part of his god-like standing among the whites, to strengthen Mbeki's leader-



ship," says an ANC politician. "Anyway I think Mandela quite enjoyed letting off a bit of steam, and if Mbeki at any time feels the need to get tough, Mandela's speech provides both legitimacy and continuity."

More at risk are those who in Mr Mandela's speech were described as using their membership "as a means to advance personal ambitions to attain positions of power and access to resources for their own individual gratification". They, presumably, know who they are.

Those on Mr Mandela's list who were more precisely identified were predictably upset. Tony Leon, leader of the mainly-white Democratic party, said it was the low water mark of the Mandela presidency. The National party, which Mr Botha used

to lead, thought it paranoid and unstatesman-like. Parts of the press were especially damning. "A speech that ill becomes a man of Mandela's stature and acumen," said the Citizen newspaper. The Mail and Guardian was pained "to witness such a revered figure as Mandela talking such bollocks". Threats and "white-baiting" would not encourage white people to stay and rebuild South Africa, said Business Day.

But why should they leave? Mr Mandela's harsh words were probably little more than a cloud flicking across the face of the sun for many of his intended targets, already crowding the beaches of Cape Town and Durban, well into their midsummer Christmas break.

By the end of the week Mr Mbeki had also become mildly reassuring. Mr Mandela's speech was a report to conference, he explained. "It was not intended to result in a programme of action."

But equally it would be silly for whites to ignore this week. What they were being told was that the transition that started in 1994 was entering another phase. They are not yet under siege. But Mafikeng offered little relief.

A lack of prudence

Christopher Brown-Humes on why a venerable British institution has come under savage attack from regulators

Companies do not come any more venerable than the Prudential, the UK's biggest life insurer and one of the country's best-known financial institutions. Its 1998 calendar, celebrating 150 years of the company, proudly boasts from the past: "Prudential's Insurance dispel anxiety", and "Prudential Policies for safety". But these images were unrecognisable this week when the company was subjected to an unprecedented attack by regulators for what they called deep-rooted failings of the Prudential's management, corporate culture and salesforce. This week's attack came on top of earlier rebukes for its handling of pensions mis-selling, when it - like many UK insurers - sold inappropriate policies to clients.

"The Pru has had one hell of a shock," says John Elbourne, managing director of Prudential Assurance. "This is the worst experience it has had in its history."

The criticisms are serious because Prudential has seen itself as the standard-bearer and standard-setter for the life and pensions industry. Yet this week the Financial Services Authority, the industry watchdog, said the organisation had "displayed a deep-seated and long-standing failure in management". It had "a cultural disposition against compliance". It had "an organisational structure which allowed the cost of its own compliance arrangements to take precedence

over the interests of its investors". And it had made unsuitable sales. No one in the industry could recall a fiercer assault.

Worse, the company had already been castigated by regulators this autumn for proceeding too slowly with its pensions mis-selling review, including two missed deadlines. It has 70,000 cases to resolve and has set aside a staggering £450m (£143m) for compensation.

Was there a thread linking these failings? Mr Elbourne, a relative newcomer to the company, says: "The common strand is the complacency and arrogance that we didn't have a problem."

Critics say such attitudes soured dealings with regulators and filtered through the organisation's culture. "The Prudential's attitude has been: 'We are the largest insurance company and we can do what we bloody well like,'" says Garry Heath, head of the Independent Financial Advisers Association.

Not surprisingly, the Prudential's reputation has been damaged by the recent bad publicity. "Being seen to be fair and playing straight is an important part of a company's armoury," says a senior executive of one UK life insurer.

Damage to the Pru's reputation may be precisely what the regulators were seeking since they have no powers to fine.

The City, however, has reacted calmly to the company's misfortunes, partly because a reprimand had been expected and partly because it believes the company is working to correct its failings. Management changes have been made and systems and compliance upgraded. All its 5,000 sales personnel have been retested, and Sir Peter Davis, the company's avuncular chief executive, has taken direct charge of Prudential Assurance.

Besides, sales by Prudential Assurance account for only half the group's total UK sales - the rest are through independent financial advisers - and only a quarter of global sales. The group's big operations in the US and Asia are unlikely to be hit by its difficulties in the UK.

One rival believes Prudential has been too distracted by its broader strategic ambitions, leading to insufficient attention to the "nitty-gritty".

There is a veiled criticism here of Sir Peter for not moving quickly enough to sort problems out during his two and a half years as chief executive. The company rejects this view, saying it reacted as quickly as difficulties surfaced.

Sir Peter believes the company's biggest mistake was that "it didn't give the compliance function sufficient standing in the direct sales force". He also believes it should have addressed concerns raised in a 1996 inspection

more vigorously. "With hindsight, if we had reacted better to the first visit we could have prevented trouble on the second," he says.

Other life insurers have fallen foul of the regulator's powers, mainly because of failings within their sales teams. With the Prudential the criticisms are more wide-ranging because they embrace everything from record-keeping to corporate culture.

Executives at rivals are not gloating. They believe the episode damages their industry when it is already tarnished by the pensions mis-selling scandal and accusations that it delivers expensive and inflexible products. "The episode calls into question the industry's determination to clean up its act," says one.

The lasting damage from the affair could be that it hurts the industry just when it was hoping to profit from opportunities created by new savings schemes and moves to bolster private sector pension provision.

At the Pru, rebuilding morale will not be easy. Hundreds of its sales staff have left recently and management has been distracted. "People are pretty devastated," admits Mr Elbourne.

But there has been one piece of good news for the Prudential. It has finally hit one of its pensions mis-selling deadlines. If it gets a few more such flips, the 150th anniversary celebrations might go with a modicum of swing after all.

Ask any leading restaurateur in London, Paris, New York or San Francisco when it is easiest to get a table at their fashionable restaurants and the answer will be the same. "Call at 8.30pm, 10 minutes before you want to arrive."

Given that most restaurants have never been busier, this seems like odd advice. Odder still when you think that the smallest and most sought-after establishments, such as the 14-table Michelin-starred Aubergine in London's SW10 district, are fully booked four months in advance.

The answer to the riddle is that restaurants are suffering from an unprecedented epidemic of no-shows. Would-be diners book - and often even call to reconfirm - but then simply do not turn up. By 8.30pm restaurants will know whether, yet again, they have been left with egg on their face and no one at their tables.

The no-show practice is not just damaging restaurants' takings and profits but also their reputation, says Jeremy King, proprietor of London's Ivy and Le Caprice. "What I fear is that customers leave having seen tables unoccupied and believe our business is not as good as it actually is."

On one recent night the River Café in London had 22 no-shows while Bibendum said it had 18 non-arrivals. At Rubicon, San Francisco, 60 customers failed to appear one Saturday night while at Kensington Place, west London, 50 did not show up. At Mezzo, which receives up to 2,500 calls a day, no-shows run at 1,500 a month, a loss of £45,000.

Even three-star Michelin restaurants are not exempt.

Full books, empty tables

No-shows are destroying the restaurant-client relationship, writes Nicholas Lander

One evening 18 customers did not turn up at La Tante Claire in central London, representing a revenue loss of at least £2,000. Danny Meyer, owner of Manhattan's prestigious Union Square Café, calculates that over a year there are 10,000 no-shows, most of whom have had the gall to reconfirm on the day.

Restaurants are not amused. As a result, booking a table is no longer the simple process it once was. Restaurants now routinely ask would-be clients for home and office phone and fax numbers as well as credit card details. The trend has gone so far that many restaurants are concerned the host/guest relationship may be irrevocably upset.

Twenty years ago a customer's name and the size of the party was quite enough. But during the 1980s, when restaurant-going became popular - as did the no-show phenomenon - receptionists began to ask for a telephone number. This allowed them to call for reconfirmation on the day and to query no-shows afterwards.

Since then the problem has snowballed. The most widely heard excuse for a no-appearance is still "my secretary forgot to cancel". David Lowell, operations



director of Conran Restaurants, sceptically comments that "we frequently hear of a death in the family". The most forgivable excuse, according to Larry Stone of Rubicon, came from a couple on their wedding day who got carried away when they went to their hotel room to change for dinner.

London restaurateurs are increasingly wary of reservations made through hotel doormen, while their Parisian counterparts view bookings from American tourists with some scepticism. Some parties meet up for an early evening drink

having made several different reservations and only decide at the last minute which one to honour.

Many restaurants now ask for a deposit when a table is booked and charge a cancellation fee. At Mezzo, parties over six will be charged £10 per person if they do not arrive or cancel before noon on the day. At the Union Square Café a similar policy has reduced no-shows from up to a quarter of bookings to almost zero.

Some restaurateurs are playing it tougher still. Many insist that a telephone booking is an oral contract between a diner (who must arrive at the specified time) and the restaurateur (who must have the table ready and offer food of the stated quality). A breach of this contract, they say, leaves the diner liable for damages.

Le Talbooth restaurant in Essex was awarded £330 in a small claims court after successfully suing a party of 10 for not showing up on a Saturday night. Barnett Alexander Chant, the solicitors, even runs a legal helpline for the 1,000 members of the Restaurant Association of Great Britain.

Most restaurateurs would like to stop short of such action. Ruth Rogers, the chef and proprietor of the River Café, hopes that, with better communication and greater mutual respect between the restaurant and the customer, the no-show epidemic will pass.

"We already have to warn customers about smoking and non-smoking areas. And there is the growing problem of the ubiquitous, volatile mobile phone," she says. "By asking for credit card details as well, we may run the risk of destroying the spontaneity of a restaurant visit."

Palladium falls out of favour

By Susanna Voyle

The price of palladium fell to a five-month low yesterday after a bout of selling. At the afternoon "fix" in London the precious metal was at \$181 a troy ounce, the lowest price since July 18. It had been fixed at \$187 in the morning and at \$190 on Thursday afternoon. The price rose slightly in late afternoon trading, with the metal last quoted at \$184.50.

Dealers said the fall was exaggerated by thin trade and a lack of buyers. "There was some quite aggressive selling on the fix. I would guess it is the Russians fulfilling export quotas before the year-end," said one. "Nobody really wants to buy it now."

Palladium is essential for some components of portable electronic equipment such as mobile phones and laptop computers, as well as for catalytic converters that remove pollutants from car exhausts.

Earlier this year the price of palladium rose to an 18-year high of \$245 after Russia, which produces 70 per cent of the world's supply, stopped exporting the metal for six months.

Gold fell after its rise in price on Thursday. It was fixed at \$288.90 a troy ounce, against \$289.25 in the morning and \$290 on Thursday afternoon. However, within 20 minutes of the 3pm fix the metal had dropped further to \$287.50. Dealers put the falls down to year-end related selling.

WEEKLY PRICE CHANGES

	Latest price	Change on week	Year on year	1997	Low
Gold per troy oz.	\$288.90	+0.40	\$398.15	\$388.05	\$283.05
Silver per troy oz.	\$47.55	+1.15	\$250.50	\$250.00	\$253.30
Aluminium 99.7% (cash)	\$1,617.00	-28.5	\$1,507.2	\$1,787.5	\$1,410.0
Copper 99.95% (cash)	\$1,746.5	-48.5	\$2,046.5	\$2,174.5	\$1,774.5
Lead (cash)	\$543	-22	\$703.5	\$725.5	\$511
Nickel (cash)	\$5,880	-285	\$5,922.5	\$5,922.5	\$5,922.5
Zinc SHG (cash)	\$1,115.5	-5.0	\$1,103.7	\$1,178.5	\$1,044.0
Tin (cash)	\$18,720	-180	\$18,720	\$18,720	\$18,720
Cocoa Futures Jan	\$1,067	-43	\$1,067	\$1,136	\$847
Coffee Futures Jan	\$1,067	-43	\$1,067	\$1,136	\$847
Sugar (LDP Rev)	\$227.60	+8.00	\$227.60	\$227.60	\$227.60
Barley Futures Jan	\$34.00	-0.25	\$34.00	\$34.00	\$34.00
Wheat Futures Jan	\$31.50	-0.25	\$31.50	\$31.50	\$31.50
Cotton Outlook A Index	73.55	-1.05	73.55	73.55	73.55
West (44 Super)	42.00	-0.25	42.00	42.00	42.00
Oil Brent Blend	\$17.82	-0.015	\$17.82	\$17.82	\$17.82

For more on these changes visit: www.ft.com or call 020 7556 5000.

WORLD BOND PRICES

Treasuries surge as stock tumble

GOVERNMENT BONDS

By John Labate in New York and Penelope Clayton in London

US TREASURIES surged in morning trading as the stock market plunged more than 200 points, mainly on Asian worries and talk of 1998 bear market before rebounding somewhat by midday. The 30-year Treasury bond had gained 1/4 at 103 1/4 by

early afternoon, sending the yield lower at 5.88 per cent. The 10-year note was 1/4 higher at 103 1/4, yielding 5.694 per cent, while the two-year note rose 1/8 at 100, yielding 5.623 per cent. The Federal Reserve rate was at 5.50 per cent.

"Today has been dominated by the stock market action," said Ken Fann, US government bond strategist at Paribas Capital Markets. "The five and 10-year notes

are the best performers, which is a bit of a surprise." Next week some \$11bn in five-year notes will be auctioned by the Treasury. Japanese investors were rumoured to be sellers of Treasury bills, adding pressure on those issues.

European bond markets got a boost from "flight to quality" turbulence in equity markets and the strength of the US dollar but in relatively quiet trading.

US INTEREST RATES

	Rate	Change
1 month	5.50	-0.01
3 month	5.50	-0.01
6 month	5.50	-0.01
1 year	5.50	-0.01
2 year	5.50	-0.01
3 year	5.50	-0.01
5 year	5.50	-0.01
10 year	5.50	-0.01
30 year	5.50	-0.01

BOND FUTURES AND OPTIONS

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

UK GOVT. BOND FUTURES (LIFE) £50,000 30nds of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
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	Open	Settle	Change	High	Low	Est. vol.	Open Int.
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30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

COMMODITIES AND AGRICULTURE

BASE METALS

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

PRECIOUS METALS CONTINUED

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

GRAINS AND OIL SEEDS

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

SOFTS

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

MEAT AND LIVESTOCK

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

ENERGY

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

CRUDE OIL (NYMEX) (1,000 barrels, \$/barrel)

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

CRUDE OIL (LME) (\$/barrel)

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

HEATING OIL (NYMEX) (\$/barrel)

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

SOYABEAN OIL (NYMEX) (\$/barrel)

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

SOYABEAN MEAL (NYMEX) (\$/barrel)

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

PULP AND PAPER

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

FUTURES DATA

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

INDICES

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

FTSE ACTUARIES GOVT. SECURITIES

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
10Yr	101.50	101.56	+0.04	101.66	101.44	9,100	137,070
30Yr	100.80	100.86	+0.04	100.90	100.80	2	125
5Yr	100.60	100.72	+0.12	100.68	100.66	2	1

FT Fixed Interest Indices

	JK	Gifts	Price	Indiana	Dec	Fri	Day's	Thru	Accrued	and adj
							change	Dec	interest	yield
							%			
Up to 5 years (19)			119.97				0.20	118.73	2.13	10.39
5-15 years (21)			158.27				0.34	158.73	2.09	14.88
Over 15 years (4)			192.45				0.46	191.58	1.54	14.12
Irredeemables (4)			238.36				0.74	234.63	2.03	14.48
All stocks (48)			151.92				0.32	151.43	2.08	11.88
Low coupon yield										

Yen struggles

MARKETS REPORT
By Richard Adams and
Rajesh Singh

Another bout of intervention by the Bank of Japan yesterday managed to slow the advance of the US dollar, benefitting the Swiss franc and sterling.

The dollar was later capped by the fall in equity prices on Wall Street, but by the end of trading hours in London it had retained its gains against the yen.

The thin market volumes in the approach to Christmas allowed the Bank of Japan's intervention to knock the dollar back, creating buying opportunities for Japanese institutions and placing uncertainty into the minds of traders who may otherwise regard the dollar as a one-way trade.

By the London close, the dollar had gained Y6 from its previous closing level, to settle at ¥128.97. Sterling

also gained two yen, to end the week at ¥125.52, while the D-Mark rose half a yen to close at ¥72.91.

The dollar waned early on in Europe against the D-Mark, but avoided breaking key support levels around DM1.7650. It still closed lower in London, at DM1.7688, than Thursday's final level.

The quiet trading conditions saw sterling gain against the US and German currencies, thanks in part to

the thin market volumes in the approach to Christmas. The Swiss franc rose level. The Swiss franc rose level. The Swiss franc rose level.

heavy buying by British banks around the \$1.67 level. The Swiss franc rose level. The Swiss franc rose level. The Swiss franc rose level.

By the London close, the dollar had gained Y6 from its previous closing level, to settle at ¥128.97. Sterling

Dollar

DM per \$

Yen per \$

Sterling

\$ per £

DM per £

FFr per DM

D-Mark

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UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

OF Shaw Utilities	1,400
Flaming Select American	1,335
Exeter Capital Growth	1,333
HSBC American Index	1,385
Royal London European Growth	1,380

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	282
Save & Prosper Gold & Exp	346
Waverley Australasian Gold	383
Save & Prosper Korea	393
Schroder Seoul	396

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Indices

Average Unit Trust	1083	1358	1733	2025	3.5	2.5
Average Investment Trust	1138	1373	2038	2410	4.6	5.0
Bank	1038	1114	1198	1307	0.0	5.5
Building Society	1035	1111	1202	1306	0.0	5.2
Stockmarket: FTSE All-Share	1277	1785	2136	2948	2.6	3.2
Indexation	1087	1038	1142	1645	0.3	

UK Growth

Johnson Fry Slater Growth	1228	2332	2523	4883	3.0	0.8
Mercury Recovery	1149	1873	2233	2658	3.0	1.6
Jupiter UK Growth	1125	1954	2842		2.4	2.2
River & Mercantile 1st Growth	1238	1828			2.7	1.0
OM Hartley Growth	1219	1814	2457	2771	2.4	0.6
SECTOR AVERAGE	1157	1822	1983	2941	2.7	1.8

UK Growth & Income

Flaming Select UK Income	1367	1946	2408	3399	2.5	3.0
Britannia UK General Inc	1212	1798	1933	2818	2.6	2.6
Perpetual Income	1235	1793	2452	2790	2.6	2.6
HSBC Footele Fund	1318	1783			3.0	2.1
Lazard UK Income & Growth	1211	1768	2089	2283	2.6	3.1
SECTOR AVERAGE	1198	1612	1919	3077	2.6	2.5

UK Smaller Companies

Gartmore UK Smaller Companies	1131	2037	3058	2850	3.3	0.4
Laurence Keen Smaller Cos	1094	1824			3.0	1.5
AES Smaller Companies	1073	1874	2414		2.9	1.1
Britannia Smaller Co's Acc	1110	1867	2808	3429	2.9	0.4
Schroder Smaller Companies Inc	1078	1805	2472	2903	2.9	0.7
SECTOR AVERAGE	1029	1422	2099	2332	2.9	1.6

UK Equity Income

Jupiter Income	1199	2021	3029	4880	2.2	4.0
Lazard UK Income	1212	1830	2226	3634	2.4	4.1
BWD UK Equity Income	1228	1822	2439	3182	2.3	3.4
Britannia High Yield Inc	1211	1778	2238	3870	2.4	3.5
Metropolitan UK Income	1250	1766	2100	4119	2.6	4.0
SECTOR AVERAGE	1192	1577	1906	3044	2.4	4.3

UK Equity & Bond Income

HSBC High Income	1223	1656			2.0	5.7
Edinburgh High Distribution	1219	1617	1994	2423	2.4	3.7
CIS UK Income	1251	1613	1951		2.4	3.7
Profitia Extra Income	1158	1611	1994	2826	2.4	4.1
Abbey National Extra Income	1199	1568	2234	3503	2.0	4.8
SECTOR AVERAGE	1153	1439	1819	2549	2.1	5.2

TOP FIVE OVER 3 YEARS

BA North America Growth	2,549
Johnson Fry Slater Growth	2,332
Hill Samuel US Smaller Cos	2,268
Franklin Health	2,233
Save & Prosper Financial Secs	2,230

BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	188
Old Mutual Thailand Acc	195
Schroder Seoul	233
Baring Korea	248
Waverley Australasian Gold	386

UK Eq & Bd

BWD Balanced Portfolio	1200	1444	2420		3.1	1.3
Perpetual High Income	1236	1719	2416		2.3	3.0
Credit Suisse High Income Port	1187	1639	2158		2.4	4.1
Centile Income Dis	1191	1604	1961	2809	2.1	3.2
Lloyds Bank Extra Income	1220	1657	1872	2942	2.1	2.9
SECTOR AVERAGE	1154	1590	2017	2788	2.2	2.9

UK Fixed Interest

Aberdeen Fixed Interest	1188	1505	2111	2658	1.4	6.1
Dresdner RCM Preference Inc	1155	1485	1887	2445	1.8	7.8
CU PPT Monthly Income Plus	1198	1430	1780		1.8	7.4
M&G Corporate Bond	1167	1419			1.9	6.5
CU PPT Preference Inc	1216	1406	1822	2548	2.1	6.8
SECTOR AVERAGE	1099	1325	1914	2118	1.8	6.5

UK Gift

Baring Exempt Fixed Interest	1195	1424			6.5	
M&G Gift & Fixed Interest	1154	1388	1535	2102	1.8	6.0
Murray Acumen Reserve	1124	1332	1439		1.5	6.3
Mercury Long-Dated Bond	1142	1330			2.2	5.1
Gartmore PS Fixed Interest	1135	1328	1466		1.8	6.8
SECTOR AVERAGE	1090	1248	1383	2030	1.4	6.7

International Equity Income

GT International Income Inc	1241	1634	1972	3674	2.6	2.0
Martin Currie Int'l Income	1173	1645	1975		2.7	4.2
M&G International Income	1138	1440	1885	3324	2.7	4.2
Mayflower Global Income	1178	1436	1903	2773	2.3	2.7
Premier Global 100	1082	1417	1808	2014	3.3	0.8
SECTOR AVERAGE	1133	1442	1807	2797	2.8	2.5

International Fixed Interest

Baring Global Bond	1041	1333	1485		1.5	4.8
City Financial Beckman Int'l	1048	1272	1289	2043	2.8	6.1
Newton International Bond	1040	1263	1371		2.0	4.9
Barclays BGI Int'l Fx Int'l Inc	1024	1245			1.0	5.2
AES Int'l Bond & Convertible	1056	1232	1352		1.5	6.1
SECTOR AVERAGE	980	1130	1201	1821	1.8	5.1

International Equity & Bond

Flaming General Opportunities	1170	1558	1784		2.8	3.4
Bank of Ireland Ex-Mid Growth	1104	1543	1807		2.3	2.4
Capel-Cure Halima Growth	1189	1519	1733	2757	2.7	1.7
Baillie Gifford Managed	1140	1475	1740	3242	2.7	2.4
Newton Interp	1189	1474			3.3	1.9
SECTOR AVERAGE	1099	1361	1617	2587	2.4	2.4

TOP FIVE OVER 5 YEARS

Old Mutual European	3,415
GA North America Growth	3,311
Jupiter European	3,206
Hill Samuel UK Emerging Cos	3,102
Investco European Growth	3,083

BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	200
Old Mutual Thailand Acc	435
Baring Korea	465
Henderson Japan Smaller Cos	572
Baring Japan Sunrise	624

International

Franklin Health	1078	2233	2093	7559	7.0	
Save & Prosper Financial Secs	1324	2230	2986	5137	3.3	1.4
Profitia Technology	1014	2076	2707	7204	7.0	
Franklin Financial	1908	2041	2721	6644	3.2	0.9
Save & Prosper Growth	1248	1870	2579	4440	3.1	1.5
SECTOR AVERAGE	1087	1322	1743	3027	3.7	1.1

Nth America

GA North America Growth	1326	2549	3811	7336	4.8	0.0
Hill Samuel US Smaller Co's	1168	2258	2650	5394	5.3	
Dresdner RCM American Sm Co	1197	2183	2167	4278	4.3	
Royal & SunAll Nth America	1305	2191	2841	5737	4.0	0.3
Edinburgh North American	1191	2157	2802	6034	3.8	0.6
SECTOR AVERAGE	1201	1810	2056	4764	4.0	0.5

Europe

Jupiter European	1164	2147	3208	5941	3.4	0.5
INVESTCO European Growth	1215	2013	3093	4624	4.2	
Threadneedle Euro Sel Gt Acc R	1231	1990	2834	3988	4.4	0.1
Baring Europe Select	1120	1974	2906	3880	3.8	0.8
TU European	1283	1918			2.8	1.0
SECTOR AVERAGE	1187	1614	2233	3999	3.6	0.7

Japan

GT Japan Growth	883	935	1334	1503	3.7	
Martin Currie Japan	882	886	1273		5.8	
Murray Japan Growth	832	854	1150		4.9	
Baillie Gifford Japanese	821	833	1061	1341	5.8	
Newton Japan	884	825	1180	1183	5.4	
SECTOR AVERAGE	731	618	888	988	5.7	0.5

Far East inc Japan

AIS Govett Greater China	914	1010	1779	3673	6.8	
Dresdner RCM Oriental Inc Inc	946	873	1189	2188	5.0	4.5
Barclays Far East Growth Inc	770	828	1331	1988	5.3	0.2
Schroder Far East Growth Inc	783	821	1445		5.8	0.3
Royal & SunAll Far East	731	810	1228	1269	5.9	
SECTOR AVERAGE	708	711	1147	1967	5.8	1.0

Far East exc Japan

HSBC Hong Kong Growth	915	1610	2801	8289	8.6	0.4
Bank of Ireland Ex-Mid Growth	886	1578	2806	5544	8.1	0.6
Friends Prov Australian	983	1242	1784	4289	4.6	
Old Mutual Hong Kong	797	1200	1889	6013	8.5	1.3
Henry Cooke LG East Enterprise	902	1087			7.7	0.5
SECTOR AVERAGE	840	717	1195	3686	7.1	1.2

TOP FIVE OVER 10 YEARS

F&G US Small Companies	10,903
Hill Samuel US Smaller Cos	9,384
HSBC Hong Kong Growth	8,289
Franklin Health	7,559
GA North America Growth	7,336

BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	403
Barclays Japan Inc	493
Save & Prosper Gold & Exp	522
Henderson Japan Smaller Cos	545
M&G Japan Acc	581

Source: REUTERS (Tel: 01625 511311)

Best Peps

Johnson Fry Slater Growth	1228	2332	2523		3.0	0.8
Save & Prosper Financial Secs	1324	2230	2986		3.3	1.4
Jupiter European	1164	2147	3208		3.4	0.5
Gartmore UK Smaller Companies	1131	2037	3058		3.3	0.4
Jupiter Income	1199	2021	3029		2.2	4.0
AVERAGE UT PEP	1142	1538	1969		2.7	2.8

Property

Aberdeen Property Share	1197	1549	2433		2.8	1.2
Norwich Property	1085	1204	1882		1.0	4.7
Barclays Property	1051	1168	1370		1.0	5.6
SECTOR AVERAGE	1104	1307	1795		1.6	4.1

Commodity & Energy

M&G Australasian Acc	948	1163	1914	2419	5.4	2.2
M&G Commodity	692	828	1478	1835	5.6	1.4
Save & Prosper Commodity	737	810	1289	1632	6.2	
Hill Samuel Natural Resources	696	823	1092	1476	5.4	1.0
TSB Natural Resources	636	694	1436	2127	6.2	0.3
SECTOR AVERAGE	604	663	1374	1364	7.0	1.1

Investment Trust Units

Quilter High Inc Inv Trst Acc	1127	1448	2208		2.5	3.5
Quilter Investment Trusts Inc	1000	1351	2138		3.1	0.4
Equitable Trust of Invest Trst	1059	1304	1960	3674	2.7	1.6
Equitable Trust of Invest Trst	1074	1300	2111	3494	2.8	0.5
Exeter Fund of Investment Trsts	1049	1297	1907	3319	3.1	1.6
M&G Fund of Investment Trsts	1078	1266	1901	3072	2.8	2.1

Fund of Funds

-	Royal & SunAll Portfolio	1116	1538	1952	-	2
5	TSB Selector	1150	1485	1769	-	2
-	Lloyds Bank Growth Portfolio	1119	1492	1850	-	2
3	Mercury Managed Income	1141	1477	-	-	1
-	Lazard Income Inc	1174	1466	1681	-	2
0	SECTOR AVERAGE	1083	1280	1657	2456	2

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (44 171) 873 4378 for more details.

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The Financial Times plans to publish a Survey on

**End of Year Review
of Investment Banking.**

on Friday January 23 1998

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MANAGER

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- Net charge on sale of units.
- Manager's periodic charge deducted from
- Mutual pricing - Forward pricing
- Distribution fees of UK units.
- Periodic premium insurance plans.
- Single premium insurance.
- Disposition as a (GRS) (Kiddings) for Co
- Investment in Transverse Securities
- Offered price includes all expenses except commission.
- Previous day's price.
- Treasury gains.
- Yield before Japex tax.
- Ex-dividend net - Ex-dividend.
- Only available in convertible bonds.
- Yield column shows annualized rates of NAV

The bond prices published in the

AIM - Cont.

Yld	Gr%	P/E	Notes	Price	High	Low	Volume	Yld
							1000s	Gr%
3.9	12.9		SD Entertainment	147 1/2	182 1/2	147 1/2	-	15
0.0			SEA Multimedia	14 1/2	42 1/2	14 1/2	-	-
1.9	12.4		Sanjary Mexco	87 1/2	76 1/2	87 1/2	-	-

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Can Pacific Spc Dist.
Echo Bay.

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♣ Rule 2.1(a)(iv) I
 approved each
 6. From personal file

1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7.0	7.5	8.0	8.5	9.0	9.5	10.0	10.5	11.0	11.5	12.0	12.5	13.0	13.5	14.0	14.5	15.0	15.5	16.0	16.5	17.0	17.5	18.0	18.5	19.0	19.5	20.0	20.5	21.0	21.5	22.0	22.5	23.0	23.5	24.0	24.5	25.0	25.5	26.0	26.5	27.0	27.5	28.0	28.5	29.0	29.5	30.0	30.5	31.0	31.5	32.0	32.5	33.0	33.5	34.0	34.5	35.0	35.5	36.0	36.5	37.0	37.5	38.0	38.5	39.0	39.5	40.0	40.5	41.0	41.5	42.0	42.5	43.0	43.5	44.0	44.5	45.0	45.5	46.0	46.5	47.0	47.5	48.0	48.5	49.0	49.5	50.0	50.5	51.0	51.5	52.0	52.5	53.0	53.5	54.0	54.5	55.0	55.5	56.0	56.5	57.0	57.5	58.0	58.5	59.0	59.5	60.0	60.5	61.0	61.5	62.0	62.5	63.0	63.5	64.0	64.5	65.0	65.5	66.0	66.5	67.0	67.5	68.0	68.5	69.0	69.5	70.0	70.5	71.0	71.5	72.0	72.5	73.0	73.5	74.0	74.5	75.0	75.5	76.0	76.5	77.0	77.5	78.0	78.5	79.0	79.5	80.0	80.5	81.0	81.5	82.0	82.5	83.0	83.5	84.0	84.5	85.0	85.5	86.0	86.5	87.0	87.5	88.0	88.5	89.0	89.5	90.0	90.5	91.0	91.5	92.0	92.5	93.0	93.5	94.0	94.5	95.0	95.5	96.0	96.5	97.0	97.5	98.0	98.5	99.0	99.5	100.0
1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7.0	7.5	8.0	8.5	9.0	9.5	10.0	10.5	11.0	11.5	12.0	12.5	13.0	13.5	14.0	14.5	15.0	15.5	16.0	16.5	17.0	17.5	18.0	18.5	19.0	19.5	20.0	20.5	21.0	21.5	22.0	22.5	23.0	23.5	24.0	24.5	25.0	25.5	26.0	26.5	27.0	27.5	28.0	28.5	29.0	29.5	30.0	30.5	31.0	31.5	32.0	32.5	33.0	33.5	34.0	34.5	35.0	35.5	36.0	36.5	37.0	37.5	38.0	38.5	39.0	39.5	40.0	40.5	41.0	41.5	42.0	42.5	43.0	43.5	44.0	44.5	45.0	45.5	46.0	46.5	47.0	47.5	48.0	48.5	49.0	49.5	50.0	50.5	51.0	51.5	52.0	52.5	53.0	53.5	54.0	54.5	55.0	55.5	56.0	56.5	57.0	57.5	58.0	58.5	59.0	59.5	60.0	60.5	61.0	61.5	62.0	62.5	63.0	63.5	64.0	64.5	65.0	65.5	66.0	66.5	67.0	67.5	68.0	68.5	69.0	69.5	70.0	70.5	71.0	71.5	72.0	72.5	73.0	73.5	74.0	74.5	75.0	75.5	76.0	76.5	77.0	77.5	78.0	78.5	79.0	79.5	80.0	80.5	81.0	81.5	82.0	82.5	83.0	83.5	84.0	84.5	85.0	85.5	86.0	86.5	87.0	87.5	88.0	88.5	89.0	89.5	90.0	90.5	91.0	91.5	92.0	92.5	93.0	93.5	94.0	94.5	95.0	95.5	96.0	96.5	97.0	97.5	98.0	98.5	99.0	99.5	100.0
1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7.0	7.5	8.0	8.5	9.0	9.5	10.0	10.5	11.0	11.5	12.0	12.5	13.0	13.5	14.0	14.5	15.0	15.5	16.0	16.5	17.0	17.5	18.0	18.5	19.0	19.5	20.0	20.5	21.0	21.5	22.0	22.5	23.0	23.5	24.0	24.5	25.0	25.5	26.0	26.5	27.0	27.5	28.0	28.5	29.0	29.5	30.0	30.5	31.0	31.5	32.0	32.5	33.0	33.5	34.0	34.5	35.0	35.5	36.0	36.5	37.0	37.5	38.0	38.5	39.0	39.5	40.0	40.5	41.0	41.5	42.0	42.5	43.0	43.5	44.0	44.5	45.0	45.5	46.0	46.5	47.0	47.5	48.0	48.5	49.0	49.5	50.0	50.5	51.0	51.5	52.0	52.5	53.0	53.5	54.0	54.5	55.0	55.5	56.0	56.5	57.0	57.5	58.0	58.5	59.0	59.5	60.0	60.5	61.0	61.5	62.0	62.5	63.0	63.5	64.0	64.5	65.0	65.5	66.0	66.5	67.0	67.5	68.0	68.5	69.0	69.5	70.0	70.5	71.0	71.5	72.0	72.5	73.0	73.5	74.0	74.5	75.0	75.5	76.0	76.5	77.0	77.5	78.0	78.5	79.0	79.5	80.0	80.5	81.0	81.5	82.0	82.5	83.0	83.5	84.0	84.5	85.0	85.5	86.0	86.5	87.0	87.5	88.0	88.5	89.0	89.5	90.0	90.5	91.0	91.5	92.0	92.5	93.0	93.5	94.0	94.5	95.0	95.5	96.0	96.5	97.0	97.5	98.0	98.5	99.0	99.5	100.0
1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7.0	7.5	8.0	8.5	9.0	9.5	10.0	10.5	11.0	11.5	12.0	12.5	13.0	13.5	14.0	14.5	15.0	15.5	16.0	16.5	17.0	17.5	18.0	18.5	19.0	19.5	20.0	20.5	21.0	21.5	22.0	22.5	23.0	23.5	24.0	24.5	25.0	25.5	26.0	26.5	27.0	27.5	28.0	28.5	29.0	29.5	30.0	30.5	31.0	31.5	32.0	32.5	33.0	33.5	34.0	34.5	35.0	35.5	36.0	36.5	37.0	37.5	38.0	38.5	39.0	39.5	40.0	40.5	41.0	41.5	42.0	42.5	43.0	43.5	44.0	44.5	45.0	45.5	46.0	46.5	47.0	47.5	48.0	48.5	49.0	49.5	50.0	50.5	51.0	51.5	52.0	52.5	53.0	53.5	54.0	54.5	55.0	55.5	56.0	56.5	57.0	57.5	58.0	58.5	59.0	59.5	60.0	60.5	61.0	61.5	62.0	62.5	63.0	63.5	64.0	64.5	65.0	65.5	66.0	66.5	67.0	67.5	68.0	68.5	69.0	69.5	70.0	70.5	71.0	71.5	72.0	72.5	73.0	73.5	74.0	74.5	75.0	75.5	76.0	76.5	77.0	77.5	78.0	78.5	79.0	79.5	80.0	80.5	81.0	81.5	82.0	82.5	83.0	83.5	84.0	84.5	85.0	85.5	86.0	86.5	87.0	87.5	88.0	88.5	89.0	89.5	90.0	90.5	91.0	91.5	92.0	92.5	93.0	93.5	94.0	94.5	95.0	95.5	96.0	96.5	97.0	97.5	98.0	98.5	99.0	99.5	100.0
1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7.0	7.5	8.0	8.5	9.0	9.5	10.0	10.5	11.0	11.5	12.0	12.5	13.0	13.5	14.0	14.5	15.0	15.5	16.0	16.5	17.0	17.5	18.0	18.5	19.0	19.5	20.0	20.5	21.0	21.5	22.0	22.5	23.0	23.5	24.0	24.5	25.0	25.5	26.0	26.5	27.0	27.5	28.0	28.5	29.0	29.5	30.0	30.5	31.0	31.5	32.0	32.5	33.0	33.5	34.0	34.5	35.0	35.5	36.0	36.5	37.0	37.5	38.0	38.5	39.0	39.5	40.0	40.5	41.0	41.5	42.0	42.5	43.0	43.5	44.0	44.5	45.0	45.5	46.0	46.5	47.0	47.5	48.0	48.5	49.0	49.5	50.0	50.5	51.0	51.5	52.0	52.5	53.0	53.5	54.0	54.5	55.0	55.5	56.0	56.5	57.0	57.5	58.0	58.5	59.0	59.5	60.0	60.5	61.0	61.5	62.0	62.5	63.0	63.5	64.0	64.5	65.0	65.5	66.0	66.5	67.0	67.5	68.0	68.5	69.0	69.5	70.0	70.5	71.0	71.5	72.0	72.5	73.0	73.5	74.0	74.5	75.0	75.5	76.0	76.5	77.0	77.5	78.0	78.5	79.0	79.5	80.0	80.5	81.0	81.5	82.0	82.5	83.0	83.5	84.0	84.5	85.0	85.5	86.0	86.5	87.0	87.5	88.0	88.5	89.0	89.5	90.0	90.5	91.0	91.5	92.0	92.5	93.0	93.5	94.0	94.5	95.0	95.5	96.0	96.5	97.0	97.5	98.0	98.5	99.0	99.5	100.0
1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7.0	7.5	8.0	8.5	9.0	9.5	10.0	10.5	11.0	11.5	12.0	12.5	13.0	13.5	14.0	14.5	15.0	15.5	16.0	16.5	17.0	17.5	18.0	18.5	19.0	19.5	20.0	20.5	21.0	21.5	22.0	22.5	23.0	23.5	24.0	24.5	25.0	25.5	26.0	26.5	27.0	27.5	28.0	28.5	29.0	29.5	30.0	30.5	31.0	31.5	32.0	32.5	33.0	33.5	34.0	34.5	35.0	35.5	36.0	36.5	37.0	37.5	38.0	38.5	39.0	39.5	40.0	40.5	41.0	41.5	42.0	42.5	43.0	43.5	44.0	44.5	45.0	45.5	46.0	46.5	47.0	47.5	48.0	48.5	49.0	49.5	50.0	50.5	51.0	51.5	52.0	52.5	53.0	53.5	54.0	54.5	55.0	55.5	56.0	56.5	57.0	57.5	58.0	58.5	59.0	59.5	60.0	60.5	61.0	61.5	62.0	62.5	63.0	63.5	64.0	64.5	65.0	65.5	66.0	66.5	67.0	67.5	68.0	68.5	69.0	69.5	70.0	70.5	71.0	71.5	72.0	72.5	73.0	73.5	74.0	74.5	75.0	75.5	76.0	76.5	77.0	77.5	78.0	78.5	79.0	79.5	80.0	80.5	81.0	81.5	82.0	82.5	83.0	83.5	84.0	84.5	85.0	85.5	86.0	86.5	87.0	87.5	88.0	88.5	89.0	89.5	90.0	90.5	91.0	91.5	92.0	92.5	93.0	93.5	94.0	94.5	95.0	95.5	96.0	96.5	97.0	97.5	98.0	98.5	99.0	99.5	100.0
1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7.0	7.5	8.0	8.5	9.0	9.5	10.0	10.5	11.0	11.5	12.0	12.5	13.0	13.5	14.0	14.5	15.0	15.5	16.0	16.5	17.0	17.5	18.0	18.5	19.0	19.5	20.0	20.5	21.0	21.5	22.0	22.5	23.0	23.5	24.0	24.5	25.0	25.5	26.0	26.5	27.0	27.5	28.0	28.5	29.0	29.5	30.0	30.5	31.0	31.5	32.0	32.5	33.0	33.5	34.0	34.5	35.0	35.5	36.0	36.5	37.0	37.5	38.0	38.5	39.0	39.5	40.0	40.5	41.0	41.5	42.0	42.5	43.0	43.5	44.0	44.5	45.0	45.5	46.0	46.5	47.0	47.5	48.0	48.5	49.0	49.5	50.0	50.5	51.0	51.5	52.0	52.5	53.0	53.5	54.0	54.5	55.0	55.5	56.0	56.5	57.0	57.5	58.0	58.5	59.0	59.5	60.0	60.5	61.0	61.5	62.0	62.5	63.0	63.5	64.0	64.5	65.0	65.5	66.0	66.5	67.0	67.5	68.0	68.5	69.0	69.5	70.0	70.5	71.0	71.5	72.0	72.5	73.0	73.5	74.0	74.5	75.0	75.5	76.0	76.5	77.0	77.5	78.0	78.5	79.0	79.5	80.0	80.5	81.0	81.5	82.0	82.5	83.0	83.5	84.0	84.5	85.0	85.5	86.0	86.5	87.0	87.5	88.0	88.5	89.0	89.5	90.0	90.5	91.0	91.5	92.0	92.5	93.0	93.5	94.0	94.5	95.0	95.5	96.0	96.5	97.0	97.5	98.0	98.5	99.0	99.5	10

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Year	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1970	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

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 职业: _____ 单位: _____
 电话: _____ 地址: _____
 邮编: _____ 电子邮箱: _____

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970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Hydroxyl-Sandry - 大	120	5	1	1
Water - 大	90	2	1	1
Water - 大	90	2	1	1

1. Total	100.00	1. Total	100.00	1. Total	100.00
2.	2.	2.
3.	3.	3.
4.	4.	4.
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72.	72.	72.
73.	73.	73.
74.	74.	74.

My & Robertson	大	1873	—	120
Young Post	大	250	-2	350
1980	大	45	—	71

[illegible]

Edward	大衛	103	5	11
Ed	Ed	35	1	8

Personal	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2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¹⁹ ϕ available on the internet at <http://www.FT.com>.

COMPANIES AND FINANCE

Société Générale intends to scale down the treasury and derivatives operations

Hambros banking side fetches £300m

By George Graham

Société Générale yesterday embarked on its largest acquisition outside France when it bought the banking businesses of the UK's Hambros group for £300m (\$495m).

"We see value in the name, in the prestige, the history," said Patrick Pagni, head of Société Générale's UK operations.

The French bank also plans to keep some of Hambros' structured finance activities but will scale down treasury and derivatives operations.

Other banks have expressed interest in Hambros' bonds division, a leader in issues in Australian and New Zealand dol-

lars, South African rand and Czech koruna, and Société Générale said it would explore a possible sale.

Philippe Citerne, Société Générale's chief executive, said he was underwhelmed by the withdrawal of other European banks from parts of the investment banking business. "We started on this business 10 years ago. We are not going to change our mind because such and such a company has decided to stop," he said.

Thomson buys Swedish group for £260m

By Scheherazade Daneshkhu, Leisure Industries Correspondent

Thomson, the UK's largest package holiday company, yesterday made its first leap overseas with the SKR3.3bn (£260m) acquisition of a Swedish tour operating group.

Paul Brett, chairman and chief executive of Thomson, said the purchase of Stockholm-based Fritidsresor was part of its strategy of building an international business. It would give Thomson "a significant presence in the Nordic markets".

Thomson, which is owned by Thomson Corporation, the Toronto-based publishing group, formed an international division in September. It aimed initially to target the Scandinavian market where Airtours, the UK's second largest tour operator, is dominant through its 1994 purchase of the Scandinavian Leisure Group.

Mr Brett said Thomson had no plans to acquire another Nordic operator but would continue to examine markets across Europe. Thomson is believed to wish to reduce its dependence on the sometimes vol-

IVO signals ambition in Swedish energy

By Tim Burt in Stockholm

Imatran Voima, the Finnish state power utility, yesterday signalled its ambition to win a dominant share of the Swedish power market by seeking a merger between Gullspang Kraft, its Swedish generating subsidiary, and Stockholm Energi.

IVO has asked the City of Stockholm, which controls Stockholm Energi, to consider a deal which would create the country's third largest power company with \$10,000 customers and annual sales of SKr13.5bn (\$1.65bn).

The proposal follows IVO's acquisition earlier this month of 20.3 per cent of Gullspang for SKr1.5bn, lifting its stake in the Swedish generator to more than 90 per cent.

Heikki Marttinen, chairman and chief executive of IVO, said: "Co-operation with the City of Stockholm and a merger between Stockholm Energi and Gullspang can lead very lucrative development opportunities to both companies."

city authority's holding company for Stockholm Energi, is expected to decide on Monday whether to proceed with the merger talks.

If a deal was agreed, the enlarged power company could pose a serious competitive threat to Vattenfall, the Swedish state energy utility.

IVO already has a strategic alliance with Stockholm Energi, and has already indicated its determination to develop a strong presence in the Swedish market.

Mats Hultin, mayor of Stockholm, yesterday appeared to endorse the merger plan by saying that energy companies would have to seek synergy savings and cost reductions to offset the impact of lower electricity prices following deregulation of the domestic market.

He added that the best way to cut costs and maintain profitability would be through industrial alliances. "Large-scale generation and synergy benefits will play an important role in the merger between Stockholm Energi and Gullspang."

Watmoughs disputes small print

By Andrew Davis

Watmoughs yesterday went on the attack against Quebecor Printing, accusing its Canadian adversary of "cavalier and misinformed comments" in its £188m hostile bid.

The UK printer, which on Thursday published its first defence document in response to Quebecor's cash bid, added yesterday: "Watmoughs now wants to get the facts straight."

It rejected the assertion that it printed none of the top 10 UK weekly consumer magazines. Quebecor made this claim on Thursday, citing internal information and British Rates and Data, published this month.

But Watmoughs countered this, with "industry recognised ABC audit circulation data" showing that Watmoughs' Spanish operation printed *Helló!* - one of only two titles showing growth among the UK top 10.

"Quebecor's knee-jerk reaction to our defence document shows yet again a remarkable lack of understanding of the UK market," said Patrick Walker, Watmoughs' chief executive.



Patrick Walker: hit out at Quebecor's 'knee-jerk' reaction to our defence document shows yet again a remarkable lack of understanding of the UK market.

of presence in a sector of the magazine market which is largely unattractive to us because circulations are in decline."

Instead it saw growth potential in several areas, including supermarket loyalty magazines.

Quebecor yesterday brushed off Watmoughs' attack: "It's time to get real," the company said. "Every time we talk about the market Watmoughs tries to hide behind niches or run away into corners. There's no niche market to hide in."

Separately, Watmoughs said it planned to expand its operations in Hungary, where it prints 10 of the top 20 magazines. Patrick Walker, chief executive, said the company would open a second plant early next year to cope with increasing demand, especially from supermarket clients.

Shares in Watmoughs were unchanged yesterday at 270p, against an offer price of 257p.

BTP sells Mydrin to Total

By Emilio Terazono

BTP, the specialty chemicals maker, is to sell its adhesives and textile coatings division to Total of France for £36m (\$142m) cash.

The UK group has been seeking a buyer for Mydrin, the adhesives subsidiary, since October in order to focus on higher value-added

speciality and fine chemicals. Steve Hannam, chief executive, said the group would use the proceeds for further acquisitions in the fine chemicals area.

BTP said the sale would produce no exceptional gain or loss but would reduce net debt, which had risen to about £90m following the £23m purchase of Yorkshire

Group in October, to about £10m. Mydrin is a leading manufacturer of industrial adhesives used in the paper and packaging, construction, footwear and electronics industries. It also produces flame retardant textile coatings.

In the year to March 31 operating profits were £8.4m on turnover of £107.4m. Total will integrate Mydrin into its Bostik subsidiary. It has also agreed to sell Mydrin's German operations to National Starch and Chemical, a subsidiary of Imperial Chemical Industries.

ICMCO James Capel has maintained its pre-tax profit forecast of £53m (£48.2m) for the current year, giving earnings per share of 22.1p.

More than 200 years of British chemicals history came to an end yesterday, as Manders agreed to a £100m (£165m) takeover by Flint ink of the US.

Founded in 1773 by brothers Benjamin and John Manders, the Wolverhampton-based company yesterday admitted it could no longer compete with its larger international rivals.

The shares rose sharply by 93p to 245p yesterday, as investors representing 35 per cent of Manders' shares agreed to accept the cash offer of 250p. The shares have steadily fallen during the last two years from more than 300p to a low of about 130p this summer, as the company suffered from fierce price competition and the strong pound.

Roy Amos, chairman, said the company had struggled to grow sufficiently after

Manders agrees \$165m takeover

By Richard Wolfe, Midlands Correspondent

selling its paints and property interests four years ago. "We decided to specialise in becoming an international printing inks player and grew sales from £40m to £160m. But our growth opportunities were restricted, and we have been under intense pressure from Japanese competitors in the last 18 months."

"There has been consolidation going on for several years in the ink industry. Flint are the second largest ink company in the US, and have been very keen to acquire us and move into Europe. Strategically, it is good for them, and it is a great price for us."

Flint, which is privately owned by the Flint family in Detroit, reported sales of \$700m (\$424m) last year, compared to Manders' turnover of £162.5m. Manders' pre-tax profits fell sharply last year from £11.6m to £5.5m, as the company cut 10 per cent of its workforce.

ICI agrees \$110m methylamines sale

By Charles Gresser

Imperial Chemical Industries has agreed to sell its methylamines business for \$267m (\$110m) cash to Air Products of the US.

The UK group expects to make an exceptional gain of at least £30m on the disposal. The products manufactured in the business are used as chemical intermedi-

ates in a variety of industries, such as water treatment, agrochemicals and pharmaceuticals.

The business reported operating profits of £5.6m in 1996 on turnover of £53m. Net fixed assets at the end of December 1996 were £17m. ICI said it was pleased with the price of the deal, which represents about 1.3 times annual sales.

UDO agrees Grupo Picking bid

By Andrew Davis

UDO, the UK reprographics and office supplies group, has agreed a £46m (\$76m) cash bid from Grupo Picking Pack.

The Spanish company aims to marry UDO's strength in industrial reprographics with its own retail reprographics and office supplies business, with more than 200 outlets in Spain.

Reprographics made up two-thirds of UDO's £58.3m turnover in the year to July 31, up from £53m. Pre-tax profits slipped from £6.55m to £6.15m.

Directors of UDO and their associates, and Schroder Investment Management, between them representing

PacifiCorp bid supported Braced for a jolt of rationalisation

By Simon Holberton

Margaret Beckett, trade and industry secretary, yesterday cleared the way for PacifiCorp, the US electric utility, to rebid for Energy Group, the Anglo-American energy company.

Her decision was seen by industry analysts as opening the way to further mergers in the sector next year, pending the trade department's review of utility regulation expected at the end of January or early February.

In August Mrs Beckett halted PacifiCorp's agreed £1.65bn cash bid with a referral to the Monopolies and Mergers Commission, citing concerns about the ability of UK authorities to regulate Eastern Electricity, Energy Group's East Anglian electricity distribu-

tor and one of its main assets.

Yesterday she accepted the MMC's conclusion that the "ring fencing" of Eastern, which the electricity regulator proposed, was sufficient to address the risks to Eastern if PacifiCorp faced financial pressure resulting from the merger.

Energy Group said yesterday it continued to believe that a "combination" with PacifiCorp "would create a premier global energy company". PacifiCorp, based in Oregon, said it welcomed the "unconditional approval from the government that would allow it to make a new bid".

PacifiCorp's bid lapsed on referral to the MMC. The company indicated it would wait to rebid until after the US Federal Trade Commission had concluded its

inquiry into the effects of PacifiCorp's acquisition of Peabody Coal, Energy Group's principal US asset.

Industry analysts were divided about how much more PacifiCorp should pay if it decided to rebid. In July it offered 690p a share. Many noted that the electricity sector had risen by more than 10 per cent since PacifiCorp bid. They said this implied a takeover price for Energy Group of about 720p to 730p.

Against this others noted that the business environment surrounding Energy Group had deteriorated, casting doubt over the future profitability of its UK operations.

Shares in Energy Group closed up 10p at 665p. By early afternoon in New York PacifiCorp's shares rose by \$1 to \$25.5.

Margaret Beckett's decision not to block PacifiCorp's takeover of Energy Group leaves only one hurdle to be cleared - the review of regulation - before corporate financiers can sharpen their pencils and start to plot the rationalisation of the UK electricity industry.

To date, little more than the ownership of the industry has changed. Even if, as expected, PacifiCorp rebids for Energy Group, there will have been little structural change outside the acquisition last year by Eastern Group. Energy Group's UK arm, of 6,000MW of generating capacity, was sold to National Power and PowerGen.

But consolidation is not unknown in the electricity industry. When the Attlee government nationalised the power industry throughout Britain in 1947 it brought into public ownership some 560 private and municipal undertakings. By the time the Conservatives privatised the industry more than 30 years later those 560 entities had been recast into 12 regional supply companies (reCs), the National Grid, two

The electricity industry is expecting mergers among the reCs, writes Simon Holberton

fossil fuel generators, and two integrated Scottish companies.

Industry analysts expect next year to herald corporate moves to rationalise the industry still further, in particular horizontal mergers putting two reCs together, and attempts by the big generators, especially PowerGen, to acquire a reC.

Stephen Littlechild, electricity regulator, has always agreed with the proposition that there is "nothing magic about the number 12" when it comes to the reCs. But he has also insisted that the first merger between two reCs would be referred to the Monopolies and Mergers Commission.

As his evidence to the MMC makes clear, Professor Littlechild believes the sooner the reCs are separated into their constituent supply and distribution - the better.

The MMC said Prof Littlechild "thought there was a strong case for amending

Power struggle

Company	Bidder	Price	Date
London Electricity	Energy (US)	£1.25bn	Dec 1996
East Midlands	Dominion Resources (US)	£1.3bn	Nov 1996
Northern Electricity	CalEnergy (US)	£782m	Oct 1996
Midlands Electricity	General Public Utilities & Energy (US)	£1.73bn	May 1996
Stratford	Hydro	£522m	Dec 1995
Norwich	North West Water	£1.8bn	Sep 1995
Swale	The Southern Co. (US)	£1.4bn	Sep 1995
Seaboard	Central & South West (US)	£1.2bn	Sep 1995
Manweb	Scottish Power	£1.3bn	Jul 1995
Eastern Electric	Hanson	£2.5bn	Jul 1995

the legislation so as to provide for the separate licensing of distribution and supply.

"This would, among other things, permit separate ownership of distribution and supply business; and the possibility of mergers of supply businesses without merging distribution businesses. He said that there was great interest in such possibilities on the part of reCs."

The emphasis on mergers of supply businesses underlines Prof Littlechild's inter-

est in fostering competition. He knows how difficult it will be for all 12 reCs to profit from the deregulation of electricity supply next year.

London Electricity talked to Northern Electricity about such a merger before the latter was taken over by CalEnergy. More recently, London has reportedly had similar talks with Seaboard.

Only Southern Electric retains its independence. It is one of the best managers of distribution assets in the

sector and may be unsettled by Prof Littlechild's reference to supply mergers taking place "without merging distribution".

But the consensus among corporate financiers yesterday was that distribution mergers would be permitted. "Somewhere between 12 and one there is an optimal number," said one merchant banker.

All the indications from government are that licence separation will form part of the recommendations of the trade department's utilities regulation review.

The MMC indicated that issues such as the minority listing of shares of reCs taken private might best be considered in the green paper. If that is the worst the review produces then investors have little to worry about.

Prudence, however, would suggest waiting until the full details of the review are known. It is just possible, given the government's view that utilities have a social as well as commercial role, that changes foreshadowed in the review might alter the value of companies in the sector.

FIDELITY ORIENT FUND
Société d'investissement à Capital Variable
Kansallis House, Place de l'Étoile
B.P. 2174 - L-1021 Luxembourg
RCB 19061

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Fidelity Orient Fund, a Société d'investissement à Capital Variable registered under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, Kansallis House, Place de l'Étoile, Luxembourg, at 11.00 a.m. on December 30, 1997, specifically, for the following purposes:

1. Presentation of the Report of the Board of Directors
2. Presentation of the Report of the Auditor
3. Approval of the balance sheet and income statement for the fiscal year ended August 31, 1997
4. Discharge of the Board of Directors and the Auditor
5. Election of six (6) Directors, specifically the re-election of Messrs. Edward C. Johnson Jr., Barry J.L. Bennett, Charles T.M. Collis, Charles A. Frazee, Jean Hamilton and H.F. van den Heuvel, being all of the present Directors
6. Election of the Auditors specifically the election of Coopers & Lybrand, Luxembourg
7. Consideration of such other business as may properly come before the Meeting

Approval of items 1 through 7 of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a question to be put to the vote.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A Shareholder may not at any Meeting by proxy.

Dated: November 21, 1997
By order of the Board of Directors

Fidelity Investments

Dragon Oil gas find in Thailand

Dragon Oil, the UK explorer with interests in Asia and the Caspian Sea region, yesterday announced a gas discovery in the Gulf of Thailand. It is the second discovery made by Texaco, Dragon's partner, in the exploration block, which borders the big Bangkok field linked to the Thai mainland by pipeline.

Texaco and Dragon plan to drill two more wells on the block. Dragon shares firmed 4 1/2p to 70p.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends (p)	Total for year	Total for year
USG Design	5 mths to Oct 31	0.434 (0.518)	0.041 (0.027)	0.48 (0.33)	-	-	-	-
Calendulum Trust	Yr to June 30	3.47 (3.277)	0.99 (0.6)	8.1 (5.1)	-	-	-	-
Chemical Ind	Yr to Sept 30	2.14 (1.77)	0.34 (0.195)	0.79 (0.4)	0.2	Feb 12	0.15	0.2
Consolidated Coal	6 mths to Sept 30	2.58 (2.87)	0.003 (0.002)	0.01 (0.002)	-	-	-	-
Coughlin	6 mths to Oct 31	5.51 (5.04)	0.074 (0.064)	0.08 (0.07)	-	-	-	-
Coopers Englewood	6 mths to Sept 28	5.63 (5.92)	0.206 (0.405)	0.21 (0.405)	-	-	-	-
Parlane	Yr to Sept 30	2.03 (1.47)	0.507 (0.438)	14.161 (15.02)	4.5	Jan 20	4.5	12.5
Kellogg Inds	Yr to Sept 30	67.5 (67.4)	2.584 (2.17)	54.9 (32.5)	2	Mar 2	2	2
Keynotes	6 mths to Sept 30	0.082 (-)	0.071 (-)	1.2 (-)	-	-	-	-
Leslie	Yr to Sept 30	18.5 (17.1)	1.12 (0.824)	34.7 (25.8)	1.25	Mar 12	1.25	1
Morocco	6 mths to Oct 31	24 (22.1)	2.11 (1.75)	4.08 (3.06)	2	Feb 4	2	6
New London Capital	6 mths to Sept 30	- (-)	0.583 (2.08)	0.75 (2.33)	1	Jan 30	1	6
Rolls & Niles	6 mths to Aug 31	9.69 (8.63)	0.595 (1.11)	2.53 (5.57)	1.7	-	1.7	5.5

	NAV (p)	Attributable Earnings (p)	EPS (p)	Current payment (p)	Date of payment	Dividends (p)	Total for year	Total for year
Barling Emerging	6 mths to Oct 31	205.03 (124.81)	0.918 (0.021)	0.74 (0.02)	-	-	-	-
Barling Mercantile	6 mths to Oct 31	- (-)	- (-)	- (-)	2	Feb 1	1.9	8
BBG Second East	6 mths to Nov 30	- (-)	1.85 (1.81)	- (-)	16.26	Jan 13	16.1	30.85

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. □ Rental income. ♦ After exceptional charge. ▼ After exceptional credit. * On increased capital. * Allm stock. * US currency.



COMPANIES IN MARKETS

Weekend December 20/December 21 1997



JCI chief steps down in wake of revoked deal

Board not consulted on Southern purchase

By Mark Ashurst
in Johannesburg

Mzi Khumalo yesterday stepped down as executive chairman of JCI, the South African mining house, in the latest setback to his project to use the embattled group as a vehicle for black economic empowerment.

JCI yesterday described Mr Khumalo's resignation as a "temporary" measure, although analysts were divided over the prospects of him again taking up the reins of the once mighty mining house. Earlier this month he resumed merger talks with Lonrho, the UK conglomerate.

His departure was intended to avoid "a potential dispute" between JCI and Southern Mining Corporation, a Johannesburg-listed mining junior which counts Mr Khumalo among its directors. The company plans to develop titanium deposits in South Africa's Free State province.

JCI last month acquired 20

per cent of Southern Mining for R252m (\$51.50m) - a price many analysts believed to be over-generous. Mr Khumalo, who holds share options in Southern Mining, did not consult the JCI board over the transaction. The purchase was later revoked by the JCI board, raising the prospect of legal action by Southern Mining against JCI or its chairman.

Although Mr Khumalo will stay on at JCI as non-executive chairman, the market yesterday reacted positively to news that he would give up his executive role. JCI shares gained R2 to close at R23.

The former political detainee acquired a controlling stake in JCI from Anglo American, South Africa's biggest company, in November 1996.

The deal gave birth to the country's first black-owned mining house. In spite of the rich symbolism of his takeover - Mr Khumalo previously spent 12 years incarcerated with Nelson Mandela, now South Africa's president, on

Robben Island, the notorious jail for political prisoners - black aspirations have been wrecked by the collapse of the gold price.

The current share price remains substantially below the R54.50 per share Mr Khumalo paid for control of JCI. The institutions that backed his bid have incurred heavy losses, some of which will be carried by the pension funds of black trade union members.

His resignation comes less than a month after Mr Khumalo parted company with Brett Kebble, his white business partner and a prominent advocate of gold. Mr Kebble chose to bale out of JCI after its best gold assets were sold back to Anglo.

In exchange, JCI has acquired Anglo's 27 per cent stake in Lonrho - a move which analysts expect will result in a cash takeover of JCI by the UK group. Previous merger talks broke down in June.

Eurotunnel secures operating licence extension

By Andrew Jack in Paris
and Charlie Gresser

Eurotunnel resolved the last of its many problems yesterday when it extracted a concession from the UK and French governments to extend its operating licence from 2003 to 2006. In return, it will hand over 40 per cent of its after-tax profits to the two governments from 2003 onwards.

Separately, Eurotunnel also concluded a long-running dispute with TML, its rolling-stock supplier.

The licence extension was announced as part of a wider agreement between the UK and French governments on rail freight. UK calls for more liberalisation of the French rail network, such as the creation of special freight train corridors, had been the subject of tough negotiations.

But yesterday, John Prescott, the UK deputy prime minister, claimed the logjam had been broken. "We've got rid of the obstacles preventing the development of rail freight traffic. It's a good step forward," he said.

News of Eurotunnel's licence extension will be greeted with delight by the company's army of French small shareholders. The prospect of such a deal played a big part in winning their backing for the company's financial restructuring this year.

Patrick Fonselle, Eurotunnel's chairman, said last night: "I am rather satisfied that we have turned the page this year on a certain number of events. But I am well aware that our commercial success still needs to be developed so we can meet the promises in our prospectus."

Eurotunnel had hoped it would have to part with only 25 per cent of its post-tax profits. The company said yesterday that Eurotunnel shareholders would now get "40 per cent of the value of 34 years which they didn't have before".

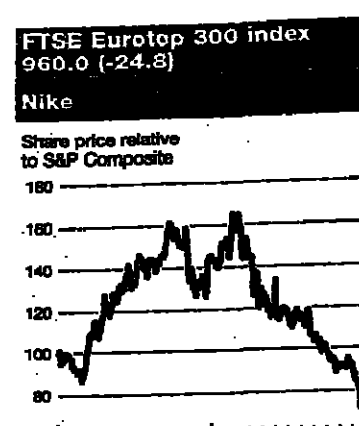
THE LEX COLUMN

Yearning for earnings

The recent, gravity-defying rally in global equity markets appears to have ended. And not before time. It was less than two months ago, of course, that they peered into the abyss. But instead of plunging, they drew breath and raced back to within spitting distance of record highs reached earlier this year.

Against a backdrop of widespread financial turmoil in Asia, including the world's second largest economy, Japan, this always looked hugely complacent. But a ready rationalisation was available: collapsing Asian demand would slow global growth, cap bond yields and support equity prices.

Yesterday the market reluctantly turned its attention to the other aspect of the Asian shock: that it would deal a heavy blow to corporate earnings. A profits warning from Nike was the catalyst, though it was simply the latest in a long line including well-known names like Oracle and BTR. It may be that the market will continue to regard the disinflation as benign, providing equities with further room to rally. But the risks are skewed the other way.



While the market turmoil in Asia may be mostly over, the economic fall-out is only starting to emerge. Further earnings shocks on the downside look on the cards. With little support likely in the way of falling interest rates, this leaves equities looking vulnerable, especially at current valuations. Bonds appear a safer bet, especially in the US, but with unemployment down at 4.6 per cent, there is not much room for error there either.

over 50 years - that the impact on the present value of Eurotunnel's dividend stream will be largely unaltered.

Eurotunnel has conceded more of the cashflows during the extended concession period than it would have liked and probably more than its shareholders wanted when they agreed to the debt restructuring package this summer. But in return the company has enhanced its more immediate earnings potential, notably through the French government's undertaking to ease the burden on international freight. This should boost Eurotunnel's revenues by opening up new markets. In this context Eurotunnel's agreement to limit its charges to new rail freight operators does not seem a punitive obligation.

shareholders will be pleased to have some cash, do they want to hang on to shares in the insurer and in Hambro Countrywide, the estate agency? Selling these companies would be the quickest way to realise value. While the sums presented yesterday implied a post-disposal value for the group of more than 2650m, against a market value of about 300m, there is clearly some downside risk.

For Société Générale's part, it was good to hear the French group describe the deal as opportunistic. It eschewed grand talk of becoming a global investment bank or of building a pan-European empire. It simply wants to beef up its presence in London. While it was coy about job cuts yesterday, it will need to back into Hambros' cost base to achieve a decent return.

Nike

Is Nike no longer cool? Its shares certainly are not. The sportswear group, a stock market star for much of the 1990s, has underperformed the S&P 500 by over 70 per cent this year. Even Reebok, its smaller and more fragile rival, has not done quite as badly. The two companies have blamed their recent profit warnings on Asia, and with some justification since the Far East has been an important source of growth in recent years.

More significant, however, are the sudden problems in the US, which still accounts for over half of sales at both. Some slowing was inevitable. Nike's torrid growth, based on winning market share and ramping up prices in a fundamentally static athletic footwear market, was always going to plateau. But few investors expected footwear sales and orders to start declining, as they did last quarter. That probably reflects resistance to this spring's sharp price increases. Many of Nike's shoes sell for well over \$100 a pair, while competitors such as Converse and Adidas have launched ranges at \$80 to \$100. But the real worry would be if Nike was ever to lose its touch with the notoriously fickle teenagers who set the trends in the sportswear market.

Nike will bounce back. It has a strong balance sheet, a great brand and is branching out into new market segments like golf and soccer. But with no big new product launches until early 1999, and plenty of unwanted stock to unload until then, its comeback will take time.

Bayer pulls out of talks on controversial Taiwan plant

By Laura Tyson in Taipei and Graham Bowley in Frankfurt

Bayer, the German chemicals concern, yesterday suspended talks on a controversial project to build a \$1.6bn petrochemical plant in Taiwan and said it would set in motion plans to move the project to Texas.

Its decision was made after strong local protests in central Taichung county where the plant was to be located. It prompted concern from the Taiwanese government, worried about the impact of turning investment away when the rest of Asia is struggling to attract foreign capital.

The case is seen as an important test of Taiwan's investment climate, which has worsened in recent years in line with rising environmental concerns and the growing cloud of opposition parties. Wang Chi-

kang, economics minister, warned parliament that Bayer's pull-out would send a strong negative signal to potential investors.

The plan, proposed about five years ago, became bogged down by environmental protests and local politics. In spite of passing all environmental reviews, the project faced barriers erected by environmentalists and local leaders of Taiwan's main opposition party, which threatened to put the project to a referendum.

Bayer became frustrated by the Taiwanese government's delay in approving the plant. The decision is a blow to the company's plans in Asia.

Bayer had wanted to use the large plant, its first in Taiwan, as the hub for its Asian polyurethane business. The plant was to produce TDI (toluene diisocyanate), an intermediate

chemical product used in synthetic leather.

But Bayer said it could still go ahead with its plans if the government ended the delays. "It is now up to the Taiwan government. We have not slammed the door shut," the company said.

Horst Muck, chairman of Bayer Taiwan, said: "Suspension means suspension but doesn't mean cancellation."

Bayer executives had said the plant would be safer and cleaner than any Bayer TDI plant in the world. The company has spent more than \$10m over the past three years on environmental evaluation and other research for the project.

Bayer did not rule out building a plant at an alternative site in Asia even if it went ahead with construction in the US.

See Lex

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Dragon Oil	22	McDonald's	22
Energy Group	22	Nike	24
Eurotunnel	24	PacifiCorp	22
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Markets Latest			
FTSE 100	5,092.2	(-148.1)	
Yield	3.25		
FTSE Europe 300	980.0	(-24.8)	
FTSE 100 Share	2,991.28	(-2.26)	
Nikkei	15,914.89	(-846.78)	
New York S&P 500	7,798.52	(-100.17)	
Dow Jones Ind. Ave	9,422.88	(-12.81)	
S & P Composite	942.88		
LONDON MONEY			
3-mo interbank	7 1/8%	(7 1/8%)	
Libor 6m	7 1/8%	(7 1/8%)	
Libor 12m	7 1/8%	(7 1/8%)	
US DOLLAR			
3-m Treasury Bill	6.5%		
3-m Treasury Note	6.25%		
Long Bond	10 1/8%		
Yield	5.88%		
NORTH SEA OIL (Anglo)			
Brent Blend	917.23	(17.23)	
WTI	928.65	(28.65)	
New York Comex (Dec)	328.5	(28.5)	
London	328.5	(28.5)	

FT WEATHER GUIDE

Europe today

Russia and easternmost parts of Europe will be below freezing with fog patches, followed by snow later. Snow will turn to rain across most of eastern Europe, but Scandinavia will have further snow flurries. Central Europe will have outbreaks of rain, some of them heavy, with some decent falls of snow over the Alps. The west will become mostly dry but will stay cloudy and misty with early fog patches. The Iberian peninsula will become showery. Rain will spread across Italy, but the eastern Mediterranean should have plenty of sunshine.

Five-day forecast

High pressure will bring settled conditions to north-western Europe in the next few days. Unsettled weather with increasing cloud, showers and rain will move into western Europe in the second half of the week. The Mediterranean will be settled.

Situation at midday. Temperatures maximum for day. Forecasts by PA WeatherCentre

TODAY'S TEMPERATURES			
Madrid	2	Cardiff	9
Abu Dhabi	26	Casablanca	20
Accra	26	Chicago	1
Algiers	19	Cologne	8
Amsterdam	9	Dallas	27
Athens	13	Darwin	21
Atlanta	18	Delhi	24
B. Aires	23	Dubai	28
Bham	8	Dublin	9
Bangkok	35	Dubrovnik	14
Barcelona	16	Edinburgh	8
		Faro	18

TODAY'S TEMPERATURES			
Frankfurt	8	Madrid	11
Geneva	7	Malaga	17
Glasgow	1	Manila	21
Hamburg	8	Mexico City	22
Helsinki	3	Miami	22
Hong Kong	24	Montreal	10
Honolulu	28	Moscow	12
Istanbul	10	Murcia	12
Jakarta	28	Nairobi	14
Johannesburg	12	Naples	18
Karachi	24	Nassau	24
Kuwait	18	New York	14
La Paz	24	Nice	14
Las Palmas	24	Norwich	14
Lima	24	Osaka	14
Lisbon	14	Paris	14
Luxembourg	8	Perth	14
Lyon	8	Prague	14
Madeira	21		

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BUSINESS NEWS THAT MAKES THE NEWS.

TELEVISION
CNBC
screens the reds and blues

By Tracy Corrigan
in New York

The market correction of 1997 may do for CNBC, the television business news network which now reaches more than 150m homes worldwide, what the Gulf war did for CNN.

Financial Times 26/10/97

When the world's money markets take a bungee jump, CNBC follows them all the way down and all the way up.

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Carrying
the nation's
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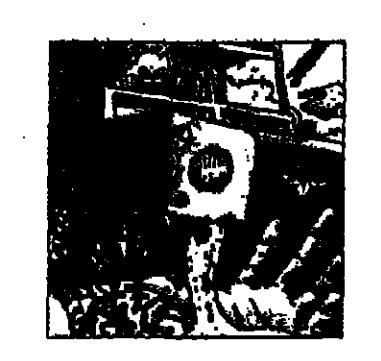
DECEMBER 20 / DECEMBER 21 1997



Under a tenner
Minnie Mouse at minimum cost;
it's ingenuity that counts
when buying presents



Sun-kissed Turkey
Forget the bird. How do you get stuffing
inside a mussel? It remains an
impenetrable but delicious mystery



Sloane Walley saga
'If he can take the Land Rover to gas
the foxes, he can surely go through the
boundary and run over the neighbours'

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Page XVIII

Page XII

The Year Zero

Paul Erdman

The Asian tigers are
whimpering. They want
revenge. But who - or what -
should they target? Paul
Erdman, acclaimed author of
'The Crash of '79' and 'The
Panic of '89', here begins a
thriller that leads straight
to the cataclysm of '98

Turtle egg. Tang Long-jing gave his computer terminal the ultimate Chinese insult. The Singaporean finance minister was tracking the fall in his country's stock market, his currency, his holdings of Japanese government bonds, and his investments in Malaysian, Thai and Korean stocks.

Who would have thought, Tang mused, that what started as a bit of a run on the Thai baht would turn into the collapse of a region. He remembered the humiliations suffered in the past few weeks; clearest of all he remembered Elaine Fulbright, the US Secretary of State, entertaining Asian leaders with a rendition of 'Don't Cry For Me Argentina' - it had the irritating chorus punctuated by 'Don't Cry For Me Argentina'.

And Tang recalled the unrestrained, clumsy anger of the Malaysian government which blamed the whole thing on western speculators out to make a killing at the expense of Asia. The Malaysians had singled out George Soros, the big betting hedge-fund king who had brought sterling down a few years earlier and made a couple of billion on the way through the floor.

After Elaine Fulbright had left the karaoke cocktail party at the Plaza Hotel in Kuala Lumpur, a few of the Asian finance ministers met informally at Palm Fronds, a whiskey saloon with no-touch hostesses and rich, red velvet couches. There was no specific purpose to the gathering, other than mutual consolation, but they got to talking, and when Tang retired to his suite half an hour later, there were hints of revenge hanging in the air.

The conversation continued without him. The US economy was too strong and the dollar impregnable. After a couple more water-soaked whiskeys, the bitter memories of colonisation surfaced. The French, the Germans, the Dutch, the British, the French, and the Americans, they had plundered Asia in the past and their currency traders and equity dealers were making another killing, bouncing

around currencies at will and pushing countries to the very brink of bankruptcy. 'It is the European financial system that we must target,' the Malaysian finance minister said. 'We must find a way to undermine their currencies, their financial markets, their lifestyle, just as they have ours. If they think Asian values are dead, then perhaps they should think again about European values.'

The 'lifestyle' issue was an especially touchy one. A brother of one of the ministers had to sell a pair of Rolls-Royces in a hurry. One minister was still figuring out the costs of a misguided tip to buy shares in a Japanese bank, now bust. And another was wondering how he could afford to keep his small stable of mistresses happy now that his net asset value was negative \$2m and falling. They were ripe for retaliation.

But how to go about it? The Thai finance minister asked his colleagues. 'Where is Europe most vulnerable?' The room fell silent. The ministers looked at each other. The Oxford-educated minister from Brunei said what all were thinking: the euro. If the euro were to collapse before it was even born on January 1 1999, the speculators would move in as never before, taking on everything from the Italian lira to Spanish bonds and French stocks. The very future of Europe would be in doubt. And as Europe went into decline, even the US could suffer a few bruises.

There were no notes, only knowing nods, but this was the delicious moment when the conspiracy was born. Each of the men present began to share ideas for tactics. They had plenty of time to plan the attack, a completely legal one at that. There is nothing wrong with a little speculation.

Summer 1998
"Josef, have you heard the latest euro joke? A Dutchman, an Englishman and a German have just finished their meal in a French provincial restaurant in 2004, and the Dutchman asks: 'Who's paying?' The German says: 'Well, I've only got euros.' Then the Dutchman laments: 'Same here, just euros.' And the Englishman says: 'OK, OK - looks like I'm the only one who remembered to bring any money.'"

The gallows humour of a people about to lose their currency was spreading throughout Europe in the summer of 1998. A Belgian chocolate manufacturer began a semi-serious campaign for fine, hand-made, artificial fat-free chocolates to be included in the

reserves backing the new currency - he argued that gold had lost its lustre and Belgian truffles had a scarcity value. The British, well, they had taken to referring to the euro as the 'Skenda' - two Skodas to the pound plus a 2 per cent commission. The jokes were needed. The endless 'Goldilocks' growth of the western world had begun to slow in the northern spring. The European recovery lost momentum, unemployment stayed high across the continent, and self-preservation and selfishness

chancellor, was determined that a single currency would succeed. And he is a determined man - he wooed his wife Hannalore with 2,000 love letters. He was now on summer retreat again at the Austrian town of St Gilgen, where he had determinedly rested each year for the past three decades. He needed a rest. He had spent several months wooing wavering leaders who were having second thoughts about the euro, partly because a Frenchman, Jean-Louis Tricolette, had somehow wangled the job as boss of the new European Central Bank. But as the 11 nations were finalising the exchange rate that would bind, their meetings were being mirrored by informal, jocular gatherings in Asia, where the Mandarin speakers smiled at the thought of eating 'fish meat', the meaning of the two Chinese alphabet characters, *yu-ran*, they used to translate 'euro'. It was an odd group, one that could never have gathered 20 years earlier when politics defined boundaries in Asia. Now, the dividing lines and the motivations were purely financial. There were unlisted subsidiaries of Hong Kong banks and an offshoot of the Chinese People's Liberation Army and a Malaysian broking house that existed only on paper and an Indonesian bank known locally as the 'fragrant bank' because its money came from suppliers of the country's clove cigarettes. And many more, including a South Korean leasing company that was ostensibly being propped up with money from the IMF. They had all been let in on a little secret by their gov-

ernments, a secret that was kept through a combination of self-interest and self-preservation. All of them knew that a remarkable man, a dangerous man, was to be hired to represent their interests. More than just investments were at stake.

Gerhardt Gröbenwahn was a legend among foreign exchange dealers. He was known for his ability to deal in half a dozen languages simultaneously. He was willing to go to any lengths to make a profit. His after-hours escapades had put him in a class by himself, even in the rough house of foreign exchange folklore. He claimed that he had slept with women of every nationality except, for some unexplained reason, a Kurd. He also drank the beverage of choice of any location where he momentarily found himself. Thus he would throw back huge quantities of vodka in Moscow, of bourbon in Chicago, of tequila in Mexico City and *baijiu* in Beijing.

At the end of his career he had received the highest honour his peers could bestow on him: they elected him a lifetime member of the Association Cambiste International, the Foreign Exchange Dealers' Association. He was famous for his prodigious stamina at the monumental brawls that took place when they held their annual bash. And yet none of his contemporaries could claim to know him. They knew the stories but not the man. He was a hired gun and, in semi-retirement, would rent an office, install trading terminals, make a killing, and then retire for a few months

to a villa he had built for himself on Koh Phangan, a Thai island of extraordinary beauty and handy remoteness. He didn't need the money but craved an adrenalin injection a few times a year. His background was murky. He was German, and it was said that near the end of the second world war, at the age of 17, he had joined the Waffen SS. Legend had it that he had been captured by the Russians in Berlin, and that his subsequent escape from the Gulag across the Arctic tundra had cost the Soviet Union 13 men, one woman, two guard dogs and an armoured per-

Continued on Page IV

They knew the stories but not the man; he craved an adrenalin rush a few times a year



Joe Rogaly
Losing religion
'Charitable giving is in decline. The selfish gene is uppermost'
Page III

NEXT WEEK
The Almanac
Whole truths, half-truths, predictions and a few things to worry about for 1998
In Weekend FT



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PERSPECTIVES

The Nature of Things

A cleaner world goes up in flames

Andrew Derrington on a report that says we should burn, rather than recycle, waste paper

Next week, as you sit surrounded by the wrappings of your presents, what will you do to assuage the feelings of guilt brought on by the excessive consumption that is now mandatory at our celebration of Christmas?

Taking the discarded wrapping paper to your local recycling centre will surely help you feel better about the way we are squandering the resources of the planet. After all, recycling is good for the environment, isn't it?

The question is not as simple as it seems. A recent analysis of the environmental costs and benefits of paper recycling in the UK suggests that our self-satisfaction at recycling waste paper - more than 4m tonnes per year in the UK - may be misplaced. In many cases it may be better to incinerate it.

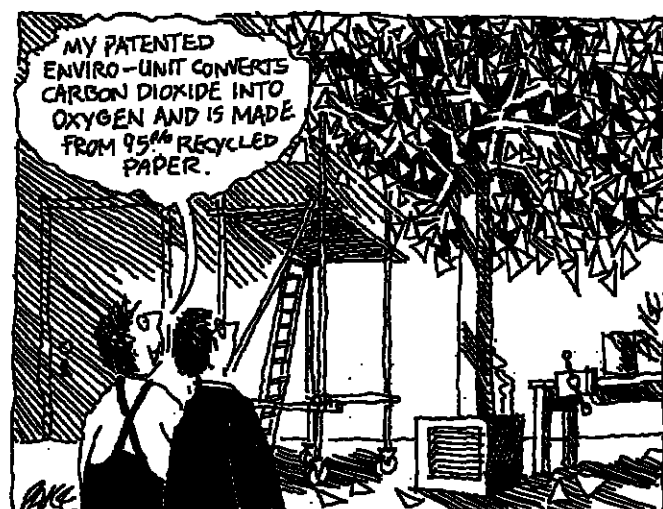
This controversial conclusion, which is hotly disputed by Friends of the Earth, the environmental group, emerges from a paper published last month by Matthew Leach of the Centre for Environmental Technology at Imperial College in London. Leach, whose work is funded by the Engineering and Physical Sciences Research Council, ana-

lysed five different ways of disposing of waste paper: recycling to produce a similar grade of paper, recycling to produce a lower grade, incineration, composting, and landfill with recovery of methane to generate energy.

To assess the economic and environmental costs of each method of disposal, Leach assigned cash values to the direct inputs and outputs of the disposal process, such as the electricity generated by incineration, and the fuel used by transporting and processing waste.

Cash values, based on other people's published work, were also assigned to the hidden environmental costs, the pollutants and greenhouse gases. Adding up all the costs associated with a particular option gives a price, which can be used as a basis for comparison between options.

One difficulty is that there is huge disagreement over the esti-



mates of environmental costs. To take one example, the cost of carbon dioxide emission ranges from \$1 to \$50 per kilogram. Leach side-stepped this problem by

examining how the different cost structures affected the comparison between the different ways of disposing of waste paper. The surprise that emerges from

his work is that when a high cost is set on environmental degradation - precisely the scenario that we would expect to favour recycling - the figures say that incineration is better.

This surprising result emerges because although producing paper from waste requires less energy than producing it from wood, three factors tip the balance against recycling.

First, according to industry sources, most of the energy used in turning trees into paper pulp is produced by burning wood trimmings and tree waste. Growing trees absorb carbon dioxide, so Leach considers the scenario in which burning tree waste causes no increase in carbon dioxide. In contrast, most of the energy used in recycling plants comes from burning fossil fuels, thus generating carbon dioxide. Recycling also uses huge amounts of motor fuel in trips to the recycling bin - people drive

up to 270kms for every ton of waste, according to one study - and, in the UK at least, in transporting the waste paper to the main recycling plant at Aylesford in Kent.

Second, de-inking waste paper produces toxic waste that must be disposed of by landfill. And finally, incinerating waste paper produces energy. Modern "energy from waste" (EfW) incinerators generate electricity for domestic consumption. Leach stresses that if you burn your wrapping paper most of the energy and all the pollution just goes straight up the chimney; for incineration to be beneficial it has to take place in an EfW plant.

Like the result of any calculation, Leach's conclusion depends on the numbers he starts with. Friends of the Earth argues that he has ignored some important costs of paper production, such as the impact on biodiversity that the plantation for-

ests used for paper production have. "There are 1,700 species at risk in Sweden," said spokesman Mike Childs. "Many of them are at risk because of logging; recycling reduces this pressure," he says.

The cost of a reduction in biodiversity is impossible to calculate, so Friends of the Earth is also attacking some of the hard numbers in Leach's paper. Recycling now uses more gas and less coal, reducing carbon dioxide and pollution. The difference in carbon dioxide emissions favours recycling over incineration under all circumstances, Childs says.

Wider use of recycling - Friends of the Earth wants newspapers to be given a mandatory duty to use 50 per cent recycled paper by 2005 - could change the cost structure even further by increasing the efficiency of waste collection.

So, in years to come, recycling wrapping paper may be more beneficial to the environment as well as soothing troubled consciences. Even then, the best environmental option will be to do as my mother-in-law does: smooth out the wrinkles in the paper, and use it to wrap your own presents next year.

■ The author is professor of psychology at Nottingham University

Minding Your Own Business

Branches everywhere

Christopher McCooley finds a family taking care of a growing concern

Premature needle drop sounds serious. It's certainly not what you want to have to deal with on Christmas morning. But Ted and Pam Olley are proud that their Christmas trees - under the proprietary name of Merrywood - do not suffer from the condition.

They have been growing Christmas trees for 40 years and believe that their system of weed control accounts for the fact that, come twelfth night, the needles are where they should be - still on the branches.

"Grass, nettles, docks, willow herb, all rob the tree of moisture and can choke the young trees," explains Ted, 68, whose ruddy complexion is testimony to the many

hours he spends outdoors. "We've experimented with ground cover plants such as clover. We've even tried geese to keep the weeds down; unfortunately they got a taste for the tree shoots as well. But with 60 miles of trees in rows we have to do something."

"We use a 'contact' herbicide and each weed is treated individually; it's kept well away from the trees themselves. This herbicide is inactivated on contact with the soil; the job takes many weeks but is worth it."

"Most growers of Christmas trees use 'residual' herbicides which stay in the soil and prevent germination of weed seeds. But we feel that this must be taken up by the trees and is probably the cause of premature needle

drop when the trees are taken indoors."

The year-round business was started by Pam, 67, as a hobby when their three children were young and needed attention. They are grown-up now; their two sons have an interest in trees - one is a tree surgeon, the other runs the family timber import business, based in Dartford, Kent, with his uncle, Ted's brother.

Mrs Olley Sr, Ted's mother, is also involved - at 85, she makes out all the company cheques. Ted still acts as finance director for the timber company and devotes a few hours a week to this, taking a nominal income from it; he used to work there full-time but when he was diagnosed as

diabetic his doctor recommended active outdoor work.

Of the trees, Pam says: "You can't just pop them in the ground and come back in a few years."

"There's always something to do, and you have to do what needs doing when it needs doing, otherwise you would lose control very quickly and end up with scruffy looking trees."

"We have 30 acres, which we acquired in 1981, with about 75,000 trees - each one receives individual attention about 10 times a year."

The trees are all Norway spruce and the Olleys use a supplier in southern Germany for their seed. They used to buy in plants when they were four years old as bare-rooted stock. But this meant that the trees had to

be planted as soon as they arrived. By raising from seed the Olleys have more control over the planting operation and can adjust their schedule according to the weather.

Each year about 10,000 seeds are sown in trays; when the plants are big enough to handle they are transplanted into individual pots. In their second year, they are transplanted again into bigger plastic pots with ribbed sides, which encourage the roots to grow straight down. These pots, all 10,000 of them, are placed on racks a few inches off the ground to stop roots from growing through the bottom of the pot.

In the third year, when the trees are about a foot high, they are planted out. At first, small plastic mats are placed on the soil around them to reduce weed competition. They will be harvested when they are between eight and 12 years old and vary in height from 3ft to 8ft.

Work continues all year. Long tops are cut back, excessive branch growth removed to improve the shape and the main bud at the branch end is removed to improve bushiness. Trees that have been damaged by birds landing on them and breaking off tender shoots can be encouraged to grow into a better shape by judicious use of string.

Bullfinches are as unwelcome to tree-growers as they are to fruit farmers, as they nip off tender, swelling buds. And unseasonable frosts can be devastating. Much of this year's new growth was badly affected by a severe frost in May. The main part of the trees were unaffected but all new growth was killed. The trees for sale this year all had the dead parts removed by hand.

Green spruce aphids can be a further problem, especially if the winter is mild. If there is a bad infestation then the trees are sprayed,



Ted and Pam Olley: 'You can't just plant them and come back in a few years'

Christopher McCooley

but wherever possible, the Olleys like to work with nature. "The good guys are lacewings, ladybirds, hover flies, spiders - they feed on aphids," says Ted.

The trees are dug up for sale (about 8,000 a year, allowing for wastage and losses) in late November. This is two weeks of concentrated effort - garden centres, supermarkets and other buyers all want their trees at the same time. "We certainly don't have time to boil the roots,"

laughs Pam, referring to a practice that can prevent trees from surviving for a year if planted in a garden after Christmas.

Invoices are sent out and payments generally received within the space of two weeks. "We're paid only once a year and we have to make it last," says Ted.

"We are wholesalers only. A big retailer may take up to 2,000 trees from us but an average order is about 200. The price hasn't changed much over the years - £1.25

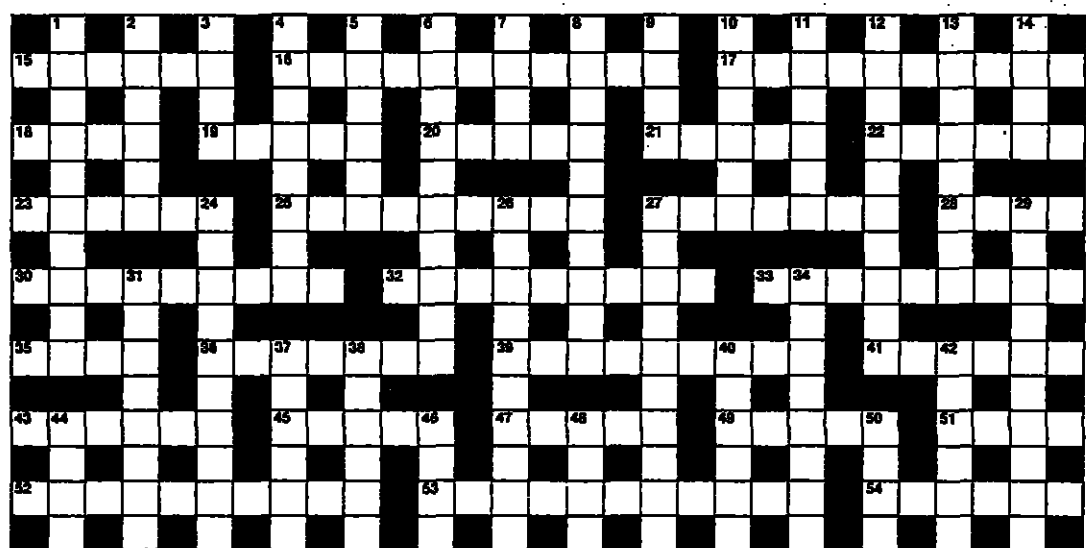
a foot. Our annual turnover is about £50,000. Because we are self-sufficient in fruit and vegetables, we can live on that."

Come Christmas day, the first drink is a toast to the second son of Ernest, Duke of Saxe-Coburg-Gotha - he was Albert, consort of Queen Victoria, who is credited with introducing Christmas trees to British homes.

■ Merrywood Christmas Tree Farm, tel: 01732-832104, fax: 01732-834407, e-mail: tedolley@gmail.com

CHRISTMAS CROSSWORD

Set by CINEPHILE



There is a law that you must write down the centre of the puzzle and then anticlockwise all round the perimeter (4,7,2,4,3,4,9,3,3,10)

ACROSS

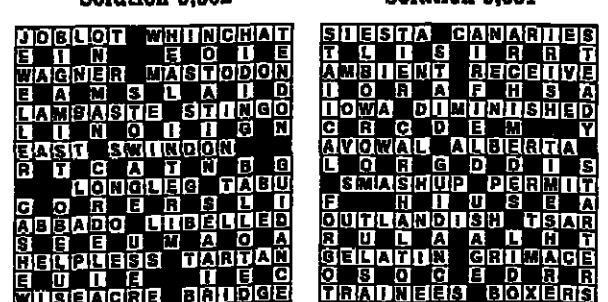
- 15 Stole some rings and ran away (6)
- 16 Finished bird, nearly dead, like sardines (11)
- 17 Incantation's displayed by the careless (10)
- 18 Boy's name for a carnivore (4)
- 19 Boy's name for a bird (American) (5)
- 20 The White House? Look inside - I'm off (5)
- 21 Black note kept by Roman Emperor (5)
- 22 Disinclined for a bit of poetry? (6)
- 23 Swimmer's luggage? (6)
- 24 Awkwardly placed behind the horse? (2,3,4)
- 25 Gods with the right to enter the kitchen (7)
- 26 It's a companion to scabies (4)
- 27 A little water (hot) available for a long time through a tube (9)
- 28 Big store given over to pickles (9)
- 29 African has a little drink after a spicy number (9)
- 30 Cleaning lady to burn the fish (4)
- 31 Put in post some inches high? (7)
- 32 Turn of speed where speed is reckless (9)
- 33 Smiles, for example: changes amuse student (6)
- 34 Counterbalance holiday fellowship? (5)
- 35 Don't allow a student to be commonplace (5)
- 36 It's taken as read that a team must have order (5)
- 37 Demolished as being in danger? (5)
- 38 Enough bread to go round? (4)
- 39 Factory (a linen producer) of the near or distant future (10)
- 40 Cask maker, having dined about four, is willing to help (11)
- 41 Reverse of a pretentious person. I was bred to be diminutive (6)

DOWN

- 1 Cause of glossy coat which is hard on his rival (3,7)
- 2 Silver coin flourished briefly before gold got fashionable (6)
- 3 Alter the ebbing flow (4)
- 4 Disgust with article of meagre quality in record (8)
- 5 Small county, it appears, with little accommodation (6)
- 6 Fortuitous indication of semitonic shift (10)
- 7 Lounge sweet? I'm off (4)
- 8 Amin, over the top, copies remedies for printers' errors (5,5)
- 9 A study in port (4)
- 10 Poet, the first in Rome, entering watch (6)
- 11 Tree and mineral deposit on land (6)
- 12 Tree to stay up - clue needed (10)
- 13 Irishman and ancient Greek with two British names (8)
- 14 Bars of court? (4)
- 15 Pitch right in trap - knock out point is outside (4,2,4)
- 16 Clergyman taking chance - road crash (10)
- 17 News about former setter - article obtained via media (6,4)
- 18 Clergyman starting on the next page with some fodder (6,4)
- 19 Aggressive publicity finds reds concealed in room (4,4)
- 20 Is supervisor abroad, do you say? (8)
- 21 Propose surrender? (6)
- 22 Get rid of one of the rings between the circles (6)
- 23 Help follows far off. I'm sorry to say (6)
- 24 Sheep has a short time outside Ireland (6)
- 25 The other side being cheeky makes one lose one's cool (4)
- 26 Bananas at the front of the train (4)
- 27 "Conceal yourself at this place" is the cockney's plan (4)
- 28 Model takes to bed, returning money owed (4)

Solution 9,562

Solution 9,551



WINNERS 9,551: Miranda Bell, Easton-in-Gordano, Bristol; B.R. Butler, Carisbrooke, Isle of Wight; Mrs E. Haslewood, Alderley Edge, Cheshire; Mrs D.B. Moate, Hungarton, Leicester; Mrs C. Wilcox, Hanworth, Berkshire.

BRIDGE

CHESS

Mistakes at bridge are universal. This is a sad realisation in one way, but reassuring in another. Overseeing an otherwise quite strong rubber bridge game in Mauritius a couple of weeks ago, I witnessed the misunderstanding of a simple, but important defensive signal.

North South West East
4S 5H NB NB
5S
With North-South vulnerable, South opened 1S and West correctly overcalled his five-card major suit, rather than making a take-out double. North tried to end the matter with his pre-emptive raise, but East found the energetic sacrifice of 5H. After South had passed, forcing North to make the deci-

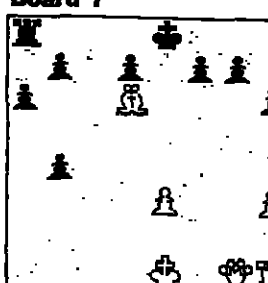
sion, North did what most rubber bridge players do in these situations, and hid on. West led his A♥, and dummy was displayed. East strong rubber bridge game in Mauritius a couple of weeks ago, I witnessed the misunderstanding of a simple, but important defensive signal.

It is generally accepted that when dummy displays a singleton in the suit led, the card that East plays is not encouraging or discouraging, but instead a suit-preference signal, indicating into which of the two remaining suits - trumps are not counted - he would like the switch. Here, East's lowest heart was asking for the lower ranking suit, clubs. Had West read this correctly, A♠ and another, ruffed by East, would have set the contract.

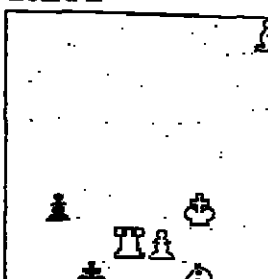
The Macallan International Pairs will be played at the White House Hotel in London on January 21-23 1998. The tournament offers the unique opportunity to sit at the shoulders of the world's greatest players, including the likes of Zia Mahmood, Bob Hamman, and Omar Sharif. Ticket information on 0181-878 5844.

Paul Mendelson

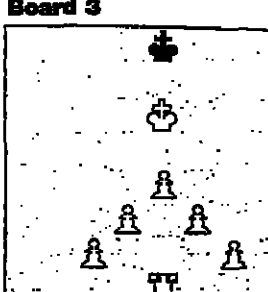
Board 1



Board 2



Board 3



Here are three Christmas puzzles. To allow plenty of time for solving, the answers will appear next Saturday.

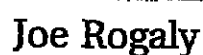
■ Board 1: White is to play and checkmate in three moves at latest, against any defence. And since castling is an obvious possibility for both sides, I should add that this move is deemed legal in chess problems unless it can be demonstrated that the king or rook has already moved. You may immediately conclude that the answer is 1 Qxg7 (threat 2 Qb8 mate) 0-0-0 2 0-0 (planning 3 Rcl mate) but Black plays b5 or Re8 and there is no instantly mating reply.

■ Board 2: Also mate in three, and again there is a near-miss to catch your eye. Why not 1 Rb2 Kd1 2 Ne3+ Ke1 3 Bc3 mate? Because Black's king can go in the other direction by 2...Kf1. Nevertheless, this variation, if you think about it, provides a clue to the answer.

■ Board 3: White mates in five moves at latest, against any defence. It may seem that all you have to do is ignore the pawns and find the right way to jiggle White's king and rook for a back row mate, but it's not that simple.

Leonard Barden

هكذا مضى الى اجل



The welfare state is receding. Charitable giving is in decline. The selfish gene is uppermost.

That is why we need ways of rescuing religion. We are not governed by organisation charts, economic systems, technical and scientific discoveries. Our generally shared set of beliefs determines our behaviour. Capitalist predators can be good Christians, Jews, Hindus... So can politicians, civil servants, the whitecoats who rule our laboratories. We all need some form of religion. Without it, we shall be reconstituted as androids.



Esther Dyson peers into the future with Michael Thompson-Noel


*Jerome Street, Falmouth Road,
Bow Lane, Chancery Lane. Tel.*

KS
LONDON
D
Broadgate Circle, Lime Street,
Terminal One, Heathrow Airport

"By most people's standards I'm rich, if not by the FT's." You would be surprised how many rich people say that, though I suspect Queen Neterati is a lot wealthier than she looks.


"Are you hungry?" I asked. "Whether you are or

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OF LONDON



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Brew Lane, Cheapside Lane, Terminal One, Heathrow Airport*

LINKS
OF LONDON



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PERSPECTIVES

Do they actually believe that what they were doing was not really wrong? That's the haunting question so often raised by the public exposure of wrongdoing in high places. The business tycoon secretly propping up his company's shares; the politicians accepting cash for questions in Parliament; the cabinet minister lying about his association with Arab arms dealers, and even willing to involve his wife and daughter in perjury as well - they are all pictures of outraged innocence when charged with immoral behaviour.

We see no public tears in front of the cameras, no admission of failure or hint of shame. No one ever loses face. They do things differently in Japan.

It can't be a case of pathological amnesia - like that of a lawyer I once knew who genuinely believed himself innocent of the act of indecent exposure with which he was charged. The evidence was incontrovertible. He did it. Frequently. But one half

of his mind simply erased the event from the other. In my study, he wept with the outrage of the injustice of it; if I hadn't known the facts, I might easily have been persuaded.

"He's such a good boy," says the mother of the cabinet minister. His friends - and he has many, it seems - all speak up for his decency.

So can it be that the rich and powerful think that the normal conventions of personal integrity simply don't apply when matters of state or great sums of money are at stake? That there is a respectable moral trade-off to be done between arms deals, with their huge commissions, and the benefits of employment and pro-

perity which will accrue in north-east England if a deal is struck?

Moral theologians speak of "creative compromise" and offer case histories which demonstrate that a priggish sticking to the letter of the moral law can result in much worse outcomes than those gained by a certain moral flexibility. There is bound to be a world of daily dealings.

A case in point was the lad I knew in a car factory paint shop who found that he could only keep the job if he went along with a minor racket in which the rest of the team were profitably involved. He was recently married, his wife expecting a baby,

the rent on their two rooms had to be paid. He agonised over it for hours with me.

Do the rich and powerful agonise? Or is it possible that in some places moral consciousness gets bent? From time to time the planet Mercury passes behind the sun. Because of the glare of the sun it's only possible to watch it happen if there is a total eclipse. Einstein predicted that the planet would nevertheless still be visible even though physically behind the sun. The next total eclipse proved him right. The huge gravitational field of the sun distorts the fabric of space itself and bends the light from the planet.

Immense wealth seems to have

the same effect; it distorts the fabric of human relationships and creates an oddly distorted world - at least to those viewing it from without. A politician's prevarication over a bill at the Ritz or willingness to ask a loaded question in Parliament after being put on a corporate payroll - the amounts are the tiniest of financial asteroids orbiting an immense financial globe. But it serves to demonstrate the existence and effects of a dark body, a vast mass of wealth and power tugging at the integrity of all the human beings in its force field.

To those within the field of force all seems straight and natural. The laws which govern the

movements of lesser bodies on the fringes just don't apply to them. "It's only the little people who pay taxes." They are genuinely surprised to be charged with arrogance and corruption.

Of course, there are many corrupt poor people and honest rich ones. But there is a distinctive kind of distortion of reality around great wealth - I can remember trying to counsel a middle-aged couple who had won the pools. After the first euphoria, they were in deep distress. "We have lost our old friends and our new friends look at us with \$25s in their eyes."

It's not easy to have a levelling and truthful relationship with the very rich. They are always

on their guard. Perhaps they have levelling and candid conversations with each other? I wonder. How can I go on holiday with people who expect to spend 25 per cent of my annual stipend on a single jaunt - £1,000 for a couple of nights at the Ritz will keep me for a month. If they offer to treat me, how can I level with them with all that gratitude sloshing around?

Far more worrying to my mind is the deficit of sensitivity or, classically, the "alienated consciousness" of the rich and powerful. Unless they have lived it, or at least worked alongside it, they seldom have any real empathy for the grit and pain of the lives of the vast majority of their fellow citizens. With that human myopia goes the fatal scorn for the honourable codes of moral behaviour of most ordinary folk, who are, thank God, generally good. They sense that the moral fabric is woven entire and seamless. Pull out one thread and the whole will slowly unravel.

Truth of the Matter

Is morality only for the masses?

Some in power do not recognise wrongdoing, says Hugh Dickinson

Paul Erdman

The Year Zero

From Page 1

sonnel carrier. Grössenwahn had used that vehicle to smash his way through the barbed wire and traverse the no-man's-land into Finland.

Somehow he had made it to London, where he managed to convince Siegmund Warburg to hire him, claiming that he had been a victim of the Nazis and the Communists, and now yearned to be free at last.

He began an apprenticeship on the trading desk but drifted in and out of countries and companies before surfacing in 1967. At that time he was in Zurich at the Union Bank of Switzerland thanks, in part, to a liaison with the daughter of a director.

In September of that year, he called the shot on the pound sterling and bet everything that the bank would give him on a devaluation. It happened as predicted and so the legend was born, a legend he enhanced in the telling.

His final years in full-time fundhandling had been spent at the Hongkong and Shanghai Banking Corporation in an office overlooking the Star Ferry terminal. On days of utter boredom, he would ignore market trends and trade a currency every time a ferry docked - the pattern bemused competitors and made him wealthy beyond calculation.

It was in Hong Kong that he attended the meeting of the Association Cambiste Internationale that led to his involvement in the grandest scheme of all. On the final day of the meeting, he was quietly invited to a 10th-floor suite at the Hyatt Regency by Tony Li, a sometime financier and full-time manipulator whom Grössenwahn saw as almost an equal. When he entered the room, the German knew that an extraordinary venture was afoot; these were men from small outfits famed for big connections. He was prepared to listen.

Gerhardt Grössenwahn could have the job of engineering the greatest financial coup in history - the scuttling of the euro. If successful, he would get a fee of either \$100m or 10 per cent of the net profits. Settlement would be, of course, in a currency of his choosing, and sent by whatever circuitous route he nominated to a tax haven of preference.

The first thing that Grössenwahn wanted to know before he accepted the job was how much financial firepower would be put at his disposal. Tony Li began the answer by stressing that the entire operation, and most importantly, who was behind it, had to remain secret. But, essentially, the asset backing stopped at the treasuries and central banks of Asia. There would be no written guarantees and no evidence of involvement. The closest Grössenwahn would come to his employers were the men in the Hyatt suite. "See no evil, speak no evil, hear no evil and make a lot of money," Tony Li said, smiling gently at Grössenwahn.

After a moment's thought, he calmly asked: "And how much currency is left in the coffers?" He reminded them that Thailand had failed to reveal that two-thirds of its \$30bn in foreign exchange reserves had been frittered away in foreign transactions - so the hard currency cupboard was almost bare when the run on the baht began.

The International Mone-

etary Fund has helped," Li explained. "It is in the IMF's interests that we earn a little extra cash - that it will come at the expense of the European currency should not bother the fund. And we are talking about a legitimate operation, for the most part. Pure speculation. Pure profit."

"But," said Grössenwahn, "you can't have seven or eight countries involved in the actual implementation of an operation like this and expect it to stay secret. There must be one point of clear contact. Preferably one immensely rich individual."

"Who do you have in mind?" Li asked.

"Brunel," was Grössenwahn's immediate response. "The Sultan. He is above suspicion in all things but his wealth. After all, he owns the Beverly Hills hotel. He has investment companies in all the right places - Liechtenstein, the Bahamas, Panama, the Channel Islands. The cross ownership is so wonderfully complicated that it is virtually impossible for anybody to be sure of the true beneficial owner, so they could provide almost perfect cover for this operation. The only people who will have to know the half-truth are the banks that will act as our agents. They will know that the Sultan of Brunel is good for a few billion. Is the Sultan on board?"

Tony Li gestured towards a man with four prominent gold rings on his left hand. "Let me introduce Isambard Kingdom Rakhman, president of the Third Bank of Banda Seri Begawan. If the presence of the Sultan will assist our cause, I am sure that he will confirm the participation." Grössenwahn looked across the room at a man who was motionless. He then nodded very slightly, but perceptibly, twice. "I think that is all the reassurance that you need," said Li. "Your trading account has just been bolstered by about \$5bn - and that's just the first tranche." Even Grössenwahn was tempted to show a flicker of

excitement. This was the most extraordinary escapade in a most extraordinary life. These were men of their word. The Sultan could mobilise 10 times more firepower than a George C. Jones. "Gentlemen, we're in business. And we are in business to win." With that, Gerhardt Grössenwahn extended his hand to Tony Li. The deal was done.

It then became a matter of tactics, of targets, of timing, and of agents of influence. All this was left to Grössenwahn. He pondered for a couple of weeks before devising a strategy that he thought secure.

The vulnerability of the scheme to introduce the euro on January 1 1999, he reasoned, lay in the fact that

question of stature. To shake the Portuguese escudo from the grid would be significant, but its importance would be lost on currency traders in their early 20s whose knowledge of the country extended to a summer holiday and two weeks of drunkenness in the Algarve.

The ultimate target had to be central to the success of monetary union and that really meant Germany or France. Bruised as the German economy was, knocking off the D-Mark was near impossible. The prime target would therefore be the currency of Socialist France.

France had introduced a 36-hour week and the government had not had the stomach for the tough spending cuts needed to put the economy into shape. The franc was over-valued and ready for a fall.

But there must be a fall-guy; a smaller currency, yet one whose difficulties would undermine confidence in Europe and echo loudly in the US. A currency whose demise would let loose the dogs on other vulnerable European economies and do much of Grössenwahn's work for him.

□ □ □

Patrick Flaherty knew that his country's economy was in trouble. The Irish finance minister had put in a bid for a rundown farmhouse half an hour from Galway and it was rejected. He offered the equivalent of \$150,000, but Michael O'Toole, the local estate agent, had told him to go to \$190,000.

"Michael, two years ago, they could not sell this heap of stones for \$80,000. Stop pulling my punt of Guinness," Flaherty's refusal meant he missed out on buying the country home that he had promised his family would take them back to their roots.

The Irish Republic was in the middle of what was politely described as a "boom" when the rest of Europe was still staggering. Bank lending was up by 20

per cent in a year. This was no weak economy, but Ireland was headed for a fall. Flaherty was fond of telling his staff: "Any economy that has any figure rising by more than a single digit is, inevitably, a country in trouble." These were figures that the meticulous Gerhardt Grössenwahn had noticed. He reckoned that it would take three days of hard trading to take out the punt.

The timing was simple. It had to happen in the late autumn of 1998 close enough to the January 1 1999 due date to give the abrupt cancellation of that enormously symbolic event its maximum psychological effect on financial markets throughout the west.

Only one unresolved issue remained - that of agents. Which banks would he designate?

Again the necessity for secrecy was paramount. So the number of banks had to be limited to three, he decided. None could be European since that would make "loyalty" an issue. All had to be big - among the biggest - players in the Forex market. And all three had to be motivated.

The obvious first choice was City Bank. It was by far and away the biggest player, it had 1,000 dealers, for heaven's sake. Forex was one of its pet profit centres and it operated on volume, high volume.

Grössenwahn had prepared meticulously. At the Foreign Exchange Dealers' Association, he had encouraged a poll of dealers from 38 countries, asking them to gauge the effect of the introduction of the euro on their activities. Their almost unanimous opinion was that Forex trading volume in the US dollar would decrease dramatically. This was the last thing that City Bank wanted. Who to approach at City Bank? Their chief dealer, Edward Sterling.

The second choice was also easy - the Hongkong and Shanghai Bank. It was a natural for the job. True, Suzi Chang, who had been

his indispensable, "right-hand man" was no longer there. She had quit the day he had retired. But she was as talented a foreign exchange dealer as any he had ever known - with the exception of himself, of course. Tough as they came. And gorgeous. She would join him for the assault on the euro, and their contacts at the bank would trade when told. "Bamboo in the wind," Suzi said.

The final candidate: The Bank of Edo-Mitsukoshi. As the largest single lender to south-east Asia, the bank had been crippled by the financial crisis, and hit again when the Asian flu spread to South Korea. It would not only be ready and willing, but also, as one of the top three foreign exchange banks in the world, be eminently able. Kichii Watanabe, its chief trader, was an old drinking buddy and another man with a complicated halfhearted-at-past-Grössenwahn checked out the Brunel connection. He sought a credit line from the Third Bank of Banda Seri Begawan. It was approved within seconds. The next step would be to do the rounds and finalise the arrangements with these banks, starting in Hong Kong, moving on to Tokyo, and ending up in New York.

But from where would he direct this operation? Preferably from a "neutral" place. London would be his personal choice, but he didn't trust the Labour government and wasn't keen on close surveillance. Switzerland was still neutral, in the foreign currency sense. And Grössenwahn appreciated its passion for secrecy, having taken advantage of it in the past.

He hated Zurich. Geneva was second tier. Basle, home of the joint headquarters of United Bank of Switzerland, the world's second largest bank, was better. Conveniently, Basle was also the home of the Bank for International Settlements, the central bank for the central banks. He had a close buddy inside the BIS, and this would be handy. For once battle was begun, it would be Gerhardt Grössenwahn pitted against the central banks of Europe. And the BIS would be a clearing house for their concerns, woe and tactics. He planned to make the most of Urs Weber, who worked in the Forex department.

Urs was a financial anarchist. He disliked the concept of the euro. One drunken night he confessed to a still clear-headed Grössenwahn that the "numismatist in me hates the death of these beautiful currencies". Urs would be onside.

The final question. When? Grössenwahn was an anniversary man. He had timed his past forays to coincide with Greek battles, the Mongolian conquests, and the Spanish civil war. It had to be in early December.

December 7 1941, the attack on Pearl Harbour, a day of infamy, but a day of tactical brilliance, of surprise triumphing over complacency. Grössenwahn would turn history on its head - he intended to win the battle and the war.

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Feasting and fasting collide

Farhan Bokhari accepts an invitation to hold Christmas day on December 11

Join us for Christmas day," said the invitation, "on December 11. And for our New Year's eve celebrations on December 28." I had to accept.

And so, before I had even started writing my Christmas cards, I donned a festive suit and headed towards an upper class home in the fashionable Clifton district of Karachi for a curious experience in time-shifting.

The reason for such dramatic rearrangement of this year's calendar is a clash between the dates of the Christian new year and Ramadan.

The Islamic fasting month of Ramadan begins this year on New Year's eve and has thrown into chaos the party plans of Pakistan's westernised elite.

The Islamic calendar, known as the *hijra*, consists of about 355 days divided into 12 months, based on the full moon. It therefore moves backwards in relation to the western calendar by about 10 days every year, completing a full cycle every 36 years.

This year's clash is the first of its kind in well over three decades, and its throwing together of Christmas, new year and Ramadan causes extra stresses and strains across

'The kind of partying being questioned by the Islamists will be damped this year'

the Islamic world. I received my party invitation with a request that the host family's identity remained anonymous. They fear becoming another target of one of the many Islamic groups which annually threaten new year celebrations.

Names such as the "eagle's squad" or *pasban* (protectors) are typical of the titles assumed by Islamic groups. They seek to disrupt new year revelling, considering such parties the "most evil" example of western influence on Moslem families.

It is often difficult to tell whether the crackle of midnight gunfire on New Year's eve is a mark of celebration or a threat.

Although seldom reported to the police, there have been instances when parties have been broken up amid the terrifying sounds of breaking glass and gunfire as club-wielding gangs attacked guests' cars.

Since Pakistan began an official campaign to "Islamise" itself two decades ago, new year celebrations have been a focal point of some of the deepest divisions between liberal and religious factions.

This year, however, many westernised Moslem families, such as my hosts, have more to contend with

than the threat from activists: their respect for Pakistan's traditions means they face a deeper inner test of faith.

Even though many families do not follow strict religious practices, they avoid celebrations during Ramadan or the Islamic month of mourning known as the *Moharram*, as a mark of respect.

Maleeha Lodhi, editor of The News, an English language newspaper, says: "The kind of partying being questioned by the Islamists will be damped this year. People will be more cautious."

My party hosts was facing exactly these competing pressures - as well as more practical difficulties. She pointed towards the Christmas tree, lined with glitter, surrounded by gifts. "My husband has been away on a business trip, returned this evening, and hasn't had time to prepare for our early Christmas. We are all rushed."

Karachi, with a population of more than 12m, is home to Pakistan's largest population of non-Moslems, including many Christians, Hindus and Parsis.

They are able to buy alcohol through licensed shops for non-Moslems at lower prices than the black market offers. But unless they live in an upper class district and can afford to celebrate behind closed doors, they derive little joy from it.

And on New Year's eve, there is little else to do: the city's smarter hotels are closed. "Every year we have been closing down on New Year's eve under orders from the government," explained Byram Avari, owner of Avari's, a local hotel chain.

Yet in other ways, Pakistan society is becoming more liberal. A government MP in Islamabad says: "The Islamic sentiment of 20 years ago swung to one extreme. Now, the pendulum is swinging to the other side. There are indications of a popular yearning to become a more open society."

Regular party-goers say there are signs of a shift towards western lifestyles among the elite, which they see influencing the public. "Ten years ago, it was unthinkable for someone, even a close friend, to walk up to my wife and give her a peck on the cheek," says a prominent businessman. "Today, I accept that because it's the done thing. This is how societies change."

Many believe there will be further relaxations, but much depends on Pakistan's economy, the outlook for which has worsened in recent years. Growing unemployment and rising inflation provide a bountiful recruiting ground for Islamist activists.

Liberalisation, or otherwise, will do little to lessen the confusion of New Year party-goers for the next three years, however. They will continue to be torn by the clash of dates until 2001, by which time Ramadan's cycle will have moved on.

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BOOKS

A rich hoard for literate lovers of art

David Lee on fine biographies and elegantly erudite criticism

In no other genre can so much get published that is so lacking in flair, or downright unreadable, than in literature of art. This year I have had to read a daunting tonnage of material that should have been saved the embarrassment of publication. But here I wish to concentrate only on those books that are worthy of any devoted amateur's time.

There are also numerous worthy works I have yet to read, and in this category fall the second volume of John Richardson's monumental biography of Picasso (Jonathan Cape, £30); the detailed account of Hogarth's life and times by Jenny Uglow (Faber £25), which is already reprinting; and the study of Holbein by Oskar Batschmann and Pascal Griener (Reaktion Books, £40). Surprisingly, Uglow's book is the only major contribution to Hogarth studies during the tercentenary celebrations.

A year in which attention has centred on the more bewildering categories of contemporary work, there has been a constant flow of fine biographies. The newly issued paperback of Paul Hayes Tucker's superb *Claude Monet: His Life and Art* (Yale, £18.95) is typical in that extensive new research confidently enables the author to extricate popular myths while reminding us of Monet's quality. Tucker is devoted to his subject, though not starry-eyed, and the combination of Monet's foibles – chiefly meanness and mythmaking – with his selfless generosity of spirit and action – his promotion of the dead Monet, for example – conjures a real person whose oddities of character ring true.

The thought of reading a biography written by an American academic about an intellectual artist such as Marcel Duchamp is a bit daunting. But mercifully, Calvin Tomkins has not become mired in turgidity (Chatto & Windus, £25). He has made light, informative entertainment of a complex figure without trivialising him. If the pitiful state of contemporary art, with its blanket acceptance of what Duchamp called the "non-retinal", can be blamed on anyone, Duchamp is a prime suspect; and, given the current world domination of conceptual art, he could be claimed to be the century's most influential artist. This makes Tomkins's book essential reading.

Andrew Bailey's account of J.M.W. Turner, *Standing in the Sun* (Sinclair Stevenson, £25), uses extensive original research to discover the idiosyncratic personality one always suspected might lurk behind the genius. In the process, Bailey disproves the justification so conveniently trotted out for lambasted nominees for the Turner Prize: namely, that Turner was rub-

bished in his day as well. Sorry, but he wasn't. Even the few who disliked his atmospheric recognised his extraordinary ability – to the extent that Turner had tucked away the equivalent of £1m in property and government stocks by the age of 30.

Fiona MacCarthy's concise account – that is, by her normal doorstep standards – of Stanley Spencer (Yale, £25) is affectionate, celebratory, edifyingly supported by the little man's weird words. And she doesn't duck criticising the later cash-earning paintings of an artist who, with each passing year, looks more like the greatest British painter of the century. Superb illustrations show a range of style, genre, and a totally original imagination which far exceeds the ability and scope of any living British painter.

Two recent paperbacks which would make excellent presents for new students of art are the seventh edition of the *Dictionary of Art and Artists* by Peter and Linda Murray (Penguin, £8.99), and the second edition of the *Oxford Dictionary of Art and Artists* (Oxford, £6.99). The former, much expanded since its first publication 30 years ago, is indispensable, and delightful for its subtle digs and criticisms. For those who like their dictionaries without Johnsonian flourishes, the Oxford has more entries. I use both every day. Another paperback worth mentioning is the revised and updated version of Michael Holroyd's *Augustus John* (Vintage, £9.99). Few books on any artist are better.

The scholarship of drawing is going through a purple patch. It may seem unfashionable in an age in which apparently fame is now apparently allotted in direct proportion to lack of drawing ability, but for those still capable of concentration who wish to watch an artist going through his paces, three books stood out this year. *Drawings from the Malcolm Collection* (British Museum, £20) catalogues one of the finest collections of Old Master drawings put together in the 19th century, when the best examples were still reasonably inexpensive. The conciseness and lucidity of entries is here exemplary, and the scholars' acknowledged doubts when weighing the pros and cons of attributions allows readers to test their own eyes against those of the experts. *The Drawings of Filippo Lippi and his Circle* (Metropolitan Museum of Art, £25) sounds like arid territory but it is a beautiful book, and for those unaware of the delicacies of the uncorrupted metapoint technique, it will come as a revelation. In the hands of Botticelli and Filippino, metapoint reached its apogee. Like all memorable

reference books, this one is not for connoisseurs alone.

I also enjoyed enormously the second volume of *Vincent van Gogh's Drawings* (Lund Humphries, £45) which deals with the Nuenen period, 1883/5, when Vincent, having so recently dedicated his life to becoming an artist, learned drawing with the mad, compulsive devotion he had previously reserved for becoming an evangelist. We witness an artist empty of natural flair edging closer to accomplishment by hard labour and dogged study alone. This moving book is the story of an obsession for self-improvement. Incidentally, the paperback version of Vincent's letters (Penguin Classics, £12) was published this year, which, as many readers will already know, allows unrestricted entry to the engine room of an artist's mind. The introduction to each section by editor Ronald de Leeuw is the most informative and accurate account of this difficult artist in print. The letters may be read alongside *The Complete Paintings of Van Gogh* (Taschen, £30 recently published as one bumper volume at what is a giveaway price).

The Art Forger's Handbook (Cassell, £20) was finished by picaresque hoaxer Eric Hebborn just before he was murdered last year in Rome. In his account of drawing materials and papers through the ages (not to mention where to acquire them now), Hebborn records his recipes for cooking up "old" materials while setting the reader wild tests along the way. His accounts of gullible curators make satisfying reading for those who enjoy the spectacle of experts with egg on their faces.

I have left my favourite book this year until last: *Soundings* by Anita Brookner (The Harvill Press, £16.99). For those who know this author only as the writer of exquisitely crafted novels, it may come as a surprise to discover that she is a major authority on French art after 1750. This collection of essays and reviews, some of them approaching 30 years old, present the observations of a scholar at home with and undaunted by her subjects. They are written in prose testifying as much to an affection for words and language as to the art and artists she probes with erudition, wisdom and judgment. It is easy to find oneself rereading these essays immediately, as characters as different as Géricault and Moreau come alive. This book, which is so cheap for so much learning, is the ideal Christmas present for the literate, intelligent art lover. It ought to be made compulsory reading for any would-be writer on art.



A brilliant marriage of art and literature: Girolamo da Cremona's 15th century illuminations for a collection of juridical texts by Francesco Alvarotti, one of 226 colour illustrations in "Treasures from the Italian Libraries" edited by Lorenzo Crivelli (Thames and Hudson, £42)

Voices with that intimate touch

Storytelling on tape is a self-effacing art. Max Wilkinson picks some masterly examples

As lovers, mothers and school teachers all know, the quiet persuasive voice often works better than big declamations or a theatrical tone. So it is with reading aloud.

The best performances create a spell of intimacy, an illusion that one is having a private conversation with the author – even when it is only on tape.

For this reason I have come to prefer readers of audio books who modulate their voices unintrusively for different characters and avoid a whole farrago of different sounds. There are exceptions, of course.

But in the increasing number of full-length audio books of perhaps 10 hours or more, readers who show off their talent for mimicry can be irritating. They impose a barrier between the author and ones own imagination.

Two competing versions of Anthony Powell's *Dance to the Music of Time* novels illustrate the point. In his full length version of the first book, *A Question of Upbringing* (Cover to Cover), Simon Russell Beale uses two distinct styles, a straightforward "ordinary" narration with highly dramatised voices for the characters. It is well done, but made me think the descriptive bits were rather boring.

I found out why from Simon Callow's (abridged) reading of the same book in the Hodder Headline series. I have sometimes thought Simon Callow too waned, but he fits the spirit of these stories excellently, making the characters sound distinctive, but always within the compass of a first person storyteller. By trying to be Powell rather than his characters, Callow fully exploits the book's interwoven ironies. He also maintains a better pace and excitement.

An even more masterly example of a reader "being"

the author is John Rowe reading Proust's semi-autobiographical *Remembrance of Things Past*. The two parts of *Swann's Way* (uncut) translated by C.K. Scott Moncrieff will cost you £28.99 each for a total of some 20 hours' listening. It could be money well spent for a Proust devotee, or perhaps for a novice who makes long journeys. Rowe has a beguiling voice which can soothe and excite at the same time. He slips easily from the memories of the old man to the trials of boyhood, investing passages of obsessive detail with exactly the right combination of nostalgia and irony. This is addition of the most delightful kind.

My first choice this season would, however, go to Helena Bonham Carter's beautiful and convincing reading of the revised and updated *Diary of a Young Girl* by Anne Frank, Penguin (uncut). I had only an instant's doubt whether Bonham Carter's English-rose voice would be appropriate for a 13-year-old German/Dutch/Jewish girl in hiding from the Nazis. But she caught Anne's girlish enthusiasms, her passions, her maturity and her courage with wonderful delicacy. One quickly falls into the illusion that it is Anne herself speaking from those grim days in 1942/44. This creates a special pathos. But Anne, although she feared the worst, did not yet know her fate. The last part of her diaries is a triumphant yielding to love, which this reading captures with feeling and precision.

My second choice, if only as a contrast, would be Alan Bennett giving a deceptively deadpan rendering of his latest short story, *The Clothes They Stood Up In* (BBC). In his idiosyncratic way, Bennett is a consummate performer. His drooping cadence at the

end of a sentence, signifying that some oddity is, well, no more than one would expect. Is of course, exactly what the author intended. This is a kind of mystery tale about a terminally unimaginative solicitor and his wife who return from the opera to find that every last item (including the lavatory paper) has been removed from their flat.

Neither can quite comprehend the bizarre plot into which they have been thrust, nor the infinite void from which all their little routines protect them. Bennett sees it all with cruel accuracy and a kindly heart. This makes him one of the

great chroniclers of human frailty. His speaking voice seems to convey the secret that one may laugh at it, but only in a certain way. If considering this small masterpiece as a present, be a little careful whom you give it to.

Another excellent if idiosyncratic reader of his own work is the poet Ted Hughes. I confess I had not grasped the stark splendour of his *Crow* poems (Penguin) until hearing the author savour and spit out the words with slow northern emphasis – nor the dark humour either. The jokes are altogether brighter in Hughes's

reading of his whimsical fables, *How the Whale Became* and *The Iron Man*. Both are packed with suspense, created by Hughes's imagination. His deliberate diction adds mischief to the gaiety.

However, I found this same style surprisingly irritating when Hughes was reading other poets in, *By Heart, 101 Poems to Remember*. Keats, John Donne and Shakespeare are not Ted Hughes and need a more varied treatment. They get this in Classic FM's typically

bright and cheerful *One Hundred Favourite Poems*. It is easy listening with goblets of classical music, but none the worse for that.

While on the subject of poetry, I make no apology for returning to Homer's *Odyssey*. The reading of E.V. Rieu's prose translation, which I praised last year was excellent, but Robert Fagles's racy rendering into blank verse is much better. Sir Ian McKellen does it the fullest justice in a 12-tape set (Penguin, uncut, £35). This may be as close as English speakers can get to the way in which this moral epic was originally recited. McKellen's near liturgical

emphasis of Homer's catch phrases creates a sense of authenticity without in the least slowing the pace. Although only a quarter of the price, I would not be tempted by Anton Lesser's abridged reading of Cowper's 1791 translation. This sounds distant to the modern ear, while Fagles and McKellen transport Homer into the modern world – and us into his.

I would add one other classic to the list: a very modern performance of a colloquial translation of Euripides's *Medea* (Penguin). Good performances are all round, and especially by Tamsin Jones in the title

role, make it very clear why the Greeks were so excited about this play more than a millennium ago.

If my shopping bag were not full, I would be tempted by two excellent BBC dramatisations of great novels: *War and Peace* in only nine hours 15 minutes; and Fielding's *Tom Jones*. Both lose quite a lot from being cut and adapted. The authors' all-important voices, becomes muted (even though Fielding is given a speaking part). Both are such good stories that they can live through almost anything.

Finally, one to avoid: a two tape abridgement of this year's Booker Prize winner, *The God of Small Things*. Too many adjectives.

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BOOKS

Rereadings / Kit McMahon

Mr. Pickwick stands the test of time

The popular success of *Pickwick Papers* was greater than has been achieved by any other novel. Published in monthly parts in 1837, its circulation had reached 40,000 by the last instalment and little short of a mania for the book, and every aspect of Pickwickiana, had set in. It went into over a hundred editions before the end of the century. It appealed to every social and intellectual class.

It dominated – indeed with Dickens's subsequent novels, did much to create – the middlebrow culture of the entire Victorian age. For many decades Pickwick himself, Sam Weller, Old Wardle, the Fat Boy and the rest were

endlessly quoted, imitated and merchandised.

This kind of thing gets thresome after a few generations, so it is not surprising that there was a strong reaction against it; and when, in recent decades, there has been a renewed appreciation of Dickens – after a long trough in which not only middlebrows seemed (to me inexplicably) to prefer Trollope – it has been the later, darker (and admittedly greater) novels which have been celebrated. Certainly I hadn't looked at *Pickwick Papers* since boyhood and I picked it up again rather gingerly. But I was captured from the first page and laughed aloud at frequent intervals for the next 800.

It is above all a young man's book, fired by an extraordinary young man's energy. Dickens was 25 when he finished it – the same age as Waugh when he wrote *Decline and Fall*; and like the later book, but on an incomparably greater scale, it erupts with a wonderfully liberating use of language for narrative, for comment, but above all for the dialogue, which is based on the superficially incompatible combination of an extremely accurate ear and wild, surreal invention.

What is striking about *Pickwick Papers* is that it contrives to be so much more than it has a right to be. The incidents, strung along a nearly

plotless and episodic narrative, are fairly traditional, many being directly borrowed from Smollett, Goldsmith, Fielding and others. Pickwick's companions are characters from stock who are never developed. Even Pickwick may appear to the lazy eye a cardboard figure.

But as one actually reads the book it is impossible not to be captivated, as the first readers were, by the delicacy and freshness with which the predictable, farcical adventures are unfolded. Sam and Tony Weller, Jingle, Mrs Leo Hunter, author of the "Ode to an Expiring Frog", Pickwick himself, spring, not to life, like, say, George Eliot's characters, but to some

kind of transcendental comic existence well beyond caricature or satire: free-standing and enduring.

During the course of the story, and roughly from the point when Mr. Pickwick voluntarily incarcerates himself in a debtors' prison, the tone subtly develops from pure farce to something slightly different. Gradually, his beaming, unworldly innocence starts to affect even the most villainous of those around him; and by the end of the book Dostoevsky's praise: "Pickwick... an infinitely weaker conception than *Don Quixote*, but nevertheless immense," seems less surprising than at first sight.

The theme of the two books – the protection and guidance of an unworshipful father-figure by a streetwise, affectionate metaphorical son – can certainly make us laugh, as Jeeves and Wooster show as well as Sam and Pickwick. But it can also touch us, and in taking this theme for his first novel Dickens shows immediately the greatness of his artistic imagination.

How many first novels, written in their author's 20s, can you think of where the protagonist is not a young man or woman? The deepest trauma of Dickens's life was his sense of abandonment and betrayal by his seriously inadequate father. It is a trauma he treated in many different



ways throughout his writing life. But it is wonderful that on his first appearance, and still so near to the pain – as we can see from *Oliver Twist* which was started before *Pickwick* was finished – he was able to idealise the relationship and present it with such hilarity and liberating verve.

After the climb, the detritus

Michael J. Woods on the problems of Everest's popularity

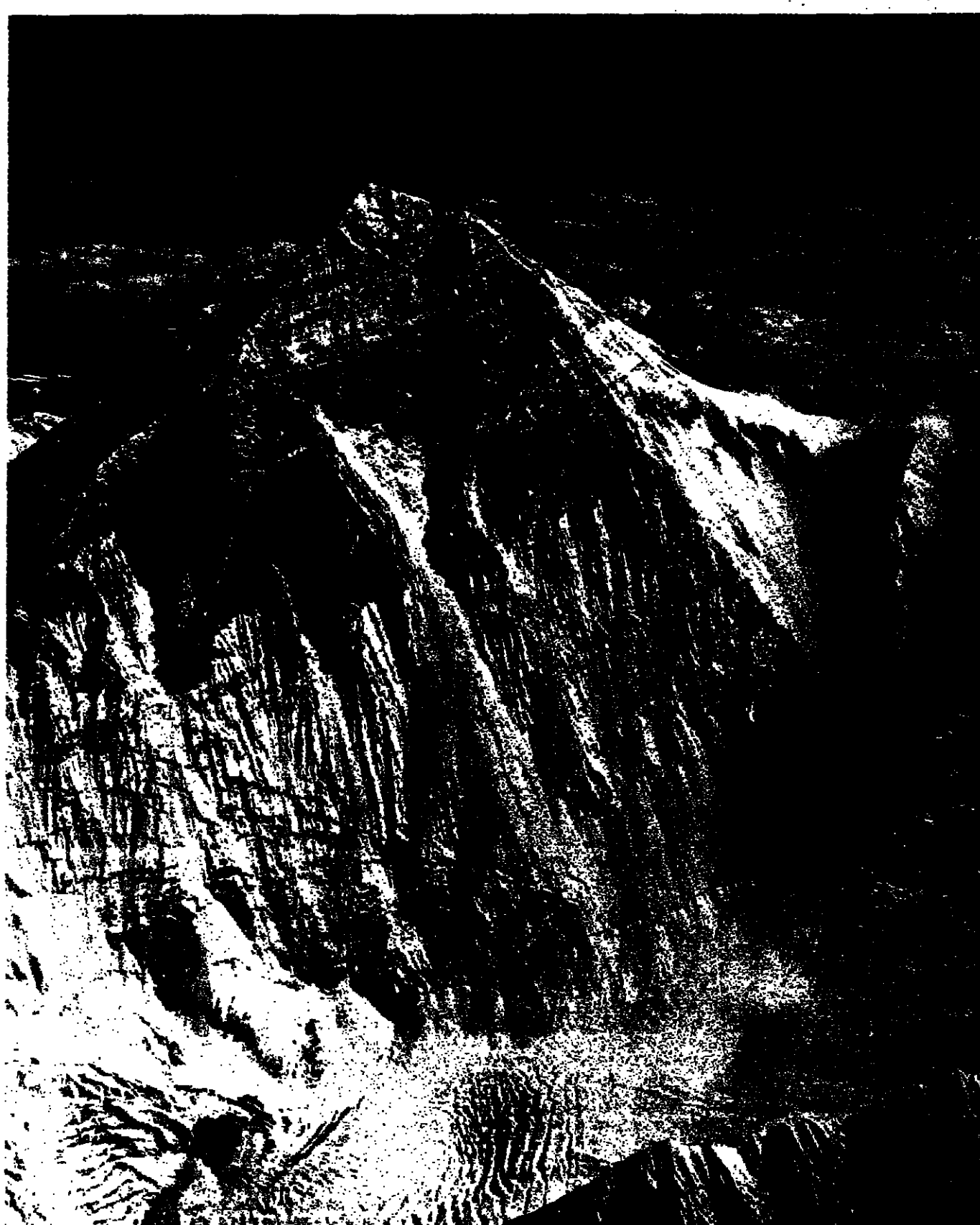
The British have a certain fascination for cold and savage places, revering those who even dare to set foot in them, and tend to subscribe to the "it's not the winning, but the taking part" school of heroism. Scott and Mallory are venerated as much as Hillary and Tenzing for the sheer bravery of their efforts to climb Everest (Chomolungma in the Sherpa tongue), however ill-starred. And according to Ed Douglas in *Chomolungma Sings The Blues*, Britain only ensured that it was the first nation to reach the summit of the highest mountain in the world by having exclusive access.

CHOMOLUNGMA SINGS THE BLUES
by Ed Douglas
Constable £18.95, 228 pages

Since 1953, increasing numbers have climbed to the summit of Everest. At first these were large expeditions of climbers, more superhuman than we mere mortals, who laid siege to the place and reached the top by increasingly difficult routes. But then, like marathon running, it became apparent that, with a bit of practice, almost anyone could do it. Except that, unlike marathon running, climbing to the top of Everest was vastly more expensive and rather more likely to kill you. Meanwhile, a whole trekking industry has grown up in and around these high peaks as tourists have poured in to enjoy their beauty and wonder at their enormity.

But, while it touches on exploits of derring do, this is not the main thrust of the book; for while Ed Douglas is a climber, he freely admits that he has neither the cash nor the drive to go for the top. His main concern is how the mountain and its environs are standing up to increasing numbers of climbers, and to meet the essential members of every attempt, but unsung and invisible throughout – the Sherpas.

Everest is coping, Douglas concludes. Yes, some trekking routes are messy and the base camp area is worse, but a lot of work has been done to clean things up. There is increasing environmental awareness among the local people, as the establishment of the Sagarmatha Pollution Control Committee (Sagarmatha is the name given to Everest by the Nepali authorities in Kathmandu) bears witness. "The project began with 80 local volunteers walking to the foot of the mountain and bringing down 500 yak loads of garbage, around 30,000 kilograms," writes Douglas.



Mount Everest: tourists and television have irredeemably changed the ambience of Kathmandu

las, and the difference has been profound. Local initiatives of this sort are much more productive than some highly expensive western "clean-up expeditions", which are often little more than thinly disguised holidays.

The drive for mini hydro schemes, clearly much more appropriate than the enormous projects funded by the World Bank, and each intended to provide a village with electricity to slow the devastating rate of deforestation, throw up more dilemmas. As Ed Douglas points out, electric lights encourage people to stay up later and burn more fuel to keep warm. Worse still, television has arrived, something which is "going to have a far greater influence on the expectations and attitudes of Sherpas than trekkers ever would."

Rapidly growing Kathmandu, Douglas concludes, is the main cause for concern, overwhelming

its sewerage system and choking in a dense blanket of smog from 80,000 poorly maintained vehicles. But even these pollution problems can be solved: what Douglas mourns is the loss of its irreplaceable atmosphere. The locals, such as Kanak Mani Dixit, the editor of Himal magazine, agree: "I don't mind the garbage. Tomorrow we can clear it up. What I am worried about is that Kathmandu had a unitary ambience which is lost."

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One diarist to another

Ann Geneva enjoys an appealing 17th-century correspondence

The prospect of eavesdropping on letters exchanged between the 17th century's world-class diarists, Samuel Pepys and John Evelyn, of feasting on even juicier morsels of political and personal gossip than characterised their more formal writing, is enticing in the extreme.

Samuel Pepys especially was a historian's dream: the perfect eyes and ears to report across the centuries, observing everything as he went about London, and then jotting it all down in shorthand. Whether perched upon scaffolding under the roof of Westminster Abbey noting each detail of Charles II's coronation, or grumbling about his wife objecting to the music lesson he had given that morning to the current object of his affection, Pepys superbly conveys the texture of daily life during the 1660s. Evelyn's diary, while less human and less nifty than Pepys's, bridged the civil war to the reign of Queen Anne. One of his most vivid set pieces is his description of the city built on the frozen Thames during the winter of 1684. The ice on the river had become "so incredibly thick, as to bear not only whole streets of booths in which they roasted meat, and had divers shops of wares... but coaches and carts and horses passed over." Two weeks later, the frost continuing, the Thames was now "planted with booths in formal streets, as in a City", extending even to an ice-borne printing press, bull baiting, horse and coach racing, puppet plays and some lewd displays frowned on by Evelyn.

Evelyn and Pepys were esteemed as men of letters and regarded as important political figures of their day. Their long friendship first developed during the second Dutch War, when both were involved in naval operations and provisioning. These letters often describe the desperate plight of the sailors, many of whom were ill and without rations or clothing. Perhaps as a result of this initial professional connection, their correspondence over what was obviously a warm and admiring friendship spanning some 40 years can seem spare in comparison to their daily journal entries. They nevertheless still evoke an enviably rich world – at least for those at its summit. At Royal Society meetings the era's most advanced philosophical and scientific topics would be debated. Dining companions often included such luminaries as Robert Boyle or the astronomer John Flamsteed, and "court fops" were certain to be sneered at in contrast to the illustrious company present. An invitation might arrive to hear the celebrated eunuch Cifacca sing in Pepys's house. Clarendon's recently published *History of the Rebellion* was occasioning much praise. Days might be spent scouring print shops for famous faces – or heads as they called them – to add to one's collection. And for a particularly valued friend, one could commission a portrait, as Pepys did of Evelyn from the court painter Godfrey Kneller.

What an astounding range of interests these virtuous had, their curiosity and expertise seeming to encompass every imaginable

PARTICULAR FRIENDS: THE CORRESPONDENCE OF SAMUEL PEPPYS AND JOHN EVELYN
edited by Guy de la Bedoyere

Boydell & Brewer £25, 380 pages

THE DIARY OF JOHN EVELYN
edited by Guy de la Bedoyere

Boydell & Brewer £14.95, 380 pages

topic, from the martial performance of dogs in classical times to the fine points of running a household. Travel was another identifying mark of the true virtuoso, and a wonderful guide to Paris from the older Evelyn arrived as Pepys was about to set off for France.

The main reason for sightseeing, it appears, was "to be better able to make comparisons with our London". Le Palais d'Orleans is almost as fine as Clarendon House; Notre Dame is infinitely inferior to St. Paul's or Westminster; the sight of the Sorbonne will make you love our universities the better for it; Fontainebleau is in no way comparable to Hampton Court, "nor can the French monarch show such a castle, palace and church as our Windsor in all his wide dominions." The king at the time was, of course, Louis XIV, not exactly a slouch when it came to palaces.

While selections of their letters have been published previously, this is the first complete correspondence. A handsomely produced book and meticulous editing make this a welcome addition to the canon of letters, journals and diaries which form our best window on to this most appealing of centuries.

Nasty bits of history

Insight into historians' different interpretations of the same event: the Vikings list 10 reasons why the Vikings invaded Britain – for instance, because there was too much food in Scandinavia, because there was too little food or because weather is nicer in the UK. Some are contradictory and some seem frivolous, but

they have all been taken seriously at some point.

When you have read the book, try the recipes. We have made "Tudor" jumbles (almost very nice) and "Slimy Stuart" gingerbread (wofled by some vegetarians, but otherwise utterly disgusting and yet another horrible historical insight).

The eggs in mustard ("Terrible Tudors") and caramelised carrots ("Vile Victorians") will have to wait. How horrible are the *Horrible Histories*? Well, I thought the punishment of making someone wind his own entrails round and round a tree was too stomach-churning – although the book does say the Vikings probably made up tales of appalling atrocity in order to frighten their enemies. I wonder. My son seemed more upset about the 38,000 evacuee children whose parents didn't collect them after the second world war ("Blitzed Brits").

Harriet Arnold

Other titles in the series include: *Rotten Romans*, *Groovy Greeks* and *Aussome Egyptians*.

Dance, fantasy and a life remembered

FT book reviewers solve your last minute Christmas present problems

A present for a literature and literary friend? Nothing better than the *Selected Letters of Robert Louis Stevenson*, edited by Ernest Mehew (Yale, £19.95), writes J.D.F. Jones. Over the last few years Yale have, to their great credit, published eight thick volumes of Stevenson's letters, superbly edited by Bradford Booth and Ernest Mehew.

This might seem too rich a meal even for Stevenson's devotees, so Mehew – a British civil servant who has devoted his unofficial life to the task – has produced a selection of 317 out of the total 2800 letters which wonderfully captures the brilliance, the charm, the genius, of the man. As in the eight-volume version,

Mehew's linking narrative and footnotes are a joy to read. And, as in the full sequence, Louis Stevenson emerges yet again as a fascinating, lovely man.

A delinquent Yen Mah swears that her *Falling Leaves, The True Story of an Unwanted Chinese Daughter* (Michael Joseph, £16.99), is completely true, writes Malcolm Rutherford. The picture of China is not flattering. There is reverse racism, an adulation of money, and abject poverty and cruelty in the background. Yet she retains an affection for the country she left: note some of the descriptions of Shanghai and of Hong Kong from rags to riches. The book is haunting.

I also enjoyed Richard West's *The Life and Surprising Times of Daniel Defoe* (HarperCollins, £20); one good journalist writing about another. It has the additional merit of taking you back to some of Defoe's work: *Roxanna*, for example, is worth reading for Christmas.

How can I describe waking for the last time, heedless, perhaps a little grumpy, beside the warm body of a tall dark-haired girl? Jean Donquixote Banby's *The Dancing Bell and the Butterfly* (Fourth Estate, £9.99) is one of the great books of the century, writes Jackie Wullschläger. In 1905 Banby suffered a stroke which left

him paralysed, speechless, able to move only his left eyelid, yet mentally active and alert. By blinking to indicate individual letters as an alphabet was repeatedly recited to him, he wrote this memoir: a voyage to the inner heart and mind of a man caught between remembered bliss and grey terror, isolated suffering and a vital, resilient spirit. An exquisite stylist, ironic, unsentimental, Banby speaks like a heartrending, human voice from eternity, chronicling our times with warmth and dizzy longing, yet setting our busy vernal world against loss and death.

The Encyclopedia of Fantasy (Orbit £20), by John Clute and John Grant, manages to pack over 1,000 pages with gutsy and original writing on fantasists from Walt Disney to Terry Pratchett, Wagner to Tolkien, Tarot cards to Tarzan. Illuminating, entertaining, dazzling in scope, it is a book to curl up with and read for pleasure as well as a landmark in the study of why and how fantasy nourishes the imagination.

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ARTS



Scarf with Leaves: Glyn Philpot's still-lives are as good as any of their time, worthy to stand with Nash and Spencer

A reputation ripe for reprieve

William Packer on the work of Glyn Philpot, successful society portrait painter who fell from grace

Glyn Philpot died of a stroke in 1937. He had been in poor health for some time but, even so, his death was unexpected. He was only 53, and though his career had faltered in his last few years and his work had become a matter of some controversy, his reputation was on the point of revival.

In his time, he had been among the most successful of contemporary British artists. At 30, and a full Royal Academician before he was 40, indeed it was within the Academy that he had found and confirmed his early success as a versatile portrait painter - modern enough to intrigue his fashionable sitters, from society beauties to distinguished academics, and sound enough to be entirely safe. Through the 1910s and '20s he seldom had exhibitions as such, for the Academy's Summer Show brought in commissions enough.

Only with the 1930s and an apparent change of style, what the papers described as "Philpot goes Picasso", did the trouble start. Even the Academy, somewhat less

adventurous then than now, refused his work on grounds of public decency. And within a year or two of his death, he was all but forgotten, his work - the decadent, derided, near-invisible fashion of a recent past - to be picked up for a song. But the world comes round again, and the guttering flame of his reputation has been kept alive by a few loyal friends and collectors - most notably by his niece, the late Gabrielle Cross, to whom he was devoted. It is from her estate that this exhibition at The Fine Art Society is largely drawn.

It is, naturally enough in the circumstances, a rather personal body of work and, though nominally fully retrospective, has the emphasis placed on the later, more controversial pictures. To see it now, one wonders what all the fuss could have been about, save only what are now to us the clearly homosexual sympathies displayed. But even making allowance for the different public sensibilities of those times, these sympathies are unexceptionable - sublimated, as they are in the sculpture and the imaginative compositions, in a

generalised symbolism, and in nothing more than the open affection of painter for sitter in some of the male portraits.

As to the formal qualities of the work and any supposedly radical change of style, it is hard to see anything more marked than a general evolution towards a lighter and more highly pitched palette; a simpler, flatter pictorial space and disposition of the image; less full a modelling of the form; and a drier, looser quality to the paint. Of Picasso, at least here, there is nothing at all.

What we have instead, throughout, is a selective, educated and refined response to what else was going on at any given time. One of the earliest paintings in the show, for example, a small, very green study of an orchard, made in 1902 when Philpot was 18, suggests at least some precocious knowledge of Pissarro and Seurat. The little "Caprice - Moon Dance" of 1909, with its chorus-line of boys behind a stage-cur-

tain, looks clearly to James Pryde. The charming portrait of Gabrielle Cross as a child (1919), is close to Nicholson and Orpen. The bronze figure sculptures look to Epstein and Art Deco, the symbolist figure compositions by turns to Millais, Puvion de Chavannes and Duncan Grant. By the early 1930s, he seems remarkably close to Edward Burra while anticipating the neo-Romanticism of the 1940s, John Minton and Keith Vaughan. There are echoes, too, of Paul Nash and Tristram Hillier.

This is not to say that Philpot was merely an opportunistic imitator. All artists are necessarily of their time, and influences can be a general and unspecific thing. Philpot was clearly not the great genius of his age, but he was always his own man, and his work comes happily together, all of a piece. More to the point, how good so much of it is, most especially the more straight-forward paintings, which are the portraits and the still-lives.

The portrait is, or at least was, such a standard exercise that in terms of modern painting it is all

too easily disregarded. For Philpot it was his bread-and-butter, and yet what we have here, not just in the more obviously engaged and fully modelled study of Philpot's black friend, Julien Zaire (1932), but in the fine nude back-view of a black model (1937) and the unashamedly flattering society portraits of Guendolen Cleaver (1933), his sister (Gabrielle's mother) Mrs Clement Cross (1934), and the splendid three-quarter length of his close friend, Vivian Forbes (1934), are some of the most striking and deeply characteristic images of British painting in the 1930s.

As for the still-lives, a black bottle and a mandolin (1934), a striped scarf, leaves in a white jar and plants on a grey cloth (1935), modest, direct and unaffected, they are as good as any of their time, worthy to stand by right with Nash and Spencer. The time has clearly come, and not before time, to look fairly at Philpot again.

Glyn Philpot RA: The Fine Art Society, London W1, until January 16, then on to Pallant House, Chichester.

Television/Christopher Dunkley

A one-off comedian

Tommy Cooper, Eric Morecambe, Les Dawson and Frankie Howerd are dead. Ronnie Barker has retired. The Pythons have abandoned television. Eddie Braben and other writers proved quite capable of keeping Morecambe and Wise supplied with fresh material, but watching Lizard you realise that in his case the fear could be justified.

Everyone can judge tonight when Channel 4 becomes Channel Lizard. From 11.10 it is largely a question of programmes chosen (supposedly) by Lizard, including the Woody Allen movie *Sleeper*, and near the beginning of the evening there is *Lust For Glorious*, an unfortunate 40-minute parody of the rock promo, in which a crowd of manipulative Americans film Lizard bedding a pair of babes, driving a macho sports car, the scratches off in reverse, and so on. It does not work.

But from 10.10 you get an hour of his stage show, and as you watch what appears to be a stream of consciousness meandering from supermarket shopping to a dog-fodder called Cesar, and on to James Mason playing Caesar, you realise how difficult it would be for anyone but Lizard himself to develop this material. It is hard to imagine any other performer expecting to get laughs from a comparison of peeling oranges and satsumas, and even more difficult to imagine anyone else extending the joke by inviting you to assume that the orange you are trying to peel is the German submarine from *Das Boot*, and that Jürgen Prochnow is inside, shouting "Don't let zem in! Push all zer zip into bits zey won't expect!"

Lizard on the mynah bird flying the Atlantic in a 747, while curious and jealous birds outside the window watch him stilt the backrest and sampling the white wine, is wonderful. And Lizard on the possible outcome if Pavlov had tried his bell trick on cats instead of dogs is so funny that you, like me, may end with tears rolling down your face.

The material in this show is different from that in Lizard's autumn tour, so presumably he is willing to let us see it on television because he has finished with it on stage. If that has to be the arrangement, so be it, but let's see him on television again the moment he finishes his next tour. There is no one like him.

Opera/Richard Fairman

A posthumous premiere

It is hard not to be fascinated. There cannot be many composers who have written so much music and had so little of it performed, leaving posterity to read about all those symphonies and operas and wonder what they sound like.

Haverall Brian died in 1972, but there are still many of his works that are awaiting their first professional public performance. He was already 78 when he heard the first performance of any of his symphonies (the Eighth) and in his 80s he was to compose another 20 symphonies, making a grand total of 32. His five operas have fared little better. The first, *The Tigers*, met with limited enthusiasm when it was broadcast by the BBC in 1933, but that is no reason not to give the others a go.

Last week, the Haverall Brian Society - without his own personal pressure group Brian might well be forgotten - presented a concert performance of the composer's third opera, *The Cent*. Like so many of Brian's works, it was getting a posthumous premiere. Written in 1932, when Brian was nearly 77, still apparently unpublished, it has existed as an opera in the mind.

Brian set out with the bold ambition of setting to music Shelley's *The Cent*, a blood-thirsty drama with power, religion, politics, lust and incest thrown in - how could an opera with all that fail? Unfortunately, Shelley gives his characters dense poetry to speak, which

might come across with some life in the theatre, but weighs down the music like a corpse on its back. Brian cut the text mercilessly, leaving posterity to read about all those symphonies and operas and wonder what they sound like.

This first performance, which was recorded for subsequent commercial release, boasted a better than average cast, including David Wilson-Johnson as the characterful Count Cenci and Helen Field and Justin Lavender as Beatrice Cenci and Orsino. The Millennium Sinfonia, conducted by James Kelleher, played Brian's score with adequate accuracy and some energy. The music itself - 1930s British in style, a bit tuneful, but not too much - is not dull or lacking in invention. It just does not feel much like an opera.

Whether a different composer would have been more successful adapting Shelley for the opera-house is open to question. What we can say after this performance is that the first stage production of Brian's *The Cent* looks as far off as ever - even possibly further.

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Shades of Fokine and Nijinsky

Clement Crisp on early Ballet Russes triumphs recreated in Paris

Paris was always the focus for Diaghilev's activities. His first foreign venture, in 1906, was the tremendous exhibition of Russian art which he brought to the Grand Palais. There followed the concert, the opera season and then, in 1909, the first ballets, and Paris was to remain an essential staging post for all his subsequent work.

Nothing, then, surprising in the ballet programme at the Palais Garnier, which opened on Wednesday night, uniting four early triumphs of the Ballet Russes: *Les Sylphides*, *Le Spectre de la rose*, *L'Après-midi d'un faune*, and *Petrushka*. (Though surprise, perhaps, at how late - in 1959 - *Les Sylphides* has entered the ballet's repertoire.)

Sylphides was beautifully danced, and given in the Kirov Ballet's version, mounted by Irina Kolpakova, that airiest of sylphs. As its ballerina, Elisabeth Patel was exquisite, every phrase, every pose, delicate in shape and sensibility, holding on the air like mist. Those two rising stars, Ghislaine Fallon and Aurelie Dupont, were her companions, Fallon darting high over the mazurka, Dupont exploring every nuance of the waltz. Jose Martinez was the "youth of the Chopin type" - so Fokine described him moving quietly through this dream. The staging provided an oddly beige view of Benois' original setting, but the ballet was truly Fokine's masterpiece.

Both *L'Après-midi d'un faune* and *Petrushka* were decently done, yet both lacked idiomatic central interpretations. Eader Belarbi, fine dancer that he is, has the wrong "look" for the faun - his physique,

his features, seem too sharp, and miss the blunted animalism that shapes the faun's identity. Laurent Hilaire's Petrushka has blood, nerves (all too near the surface), and an innate elegance that make the puppet more premier danseur than suffering bag of sawdust with elemental emotions. (A celebrated photograph of Nijinsky in the role shows his face like an amateur's first attempt at sculpture, smeared, shapeless, eyes like defeated curjans. Therein lies the character.)

At the heart of the evening, though, was something quite exceptional. Over the past five years, I have reported on the magnificent gifts of Nicolas Le Riche. There is seemingly nothing he cannot dance, and dance superlatively well, from James in *La Sylphide* to Quasimodo in Roland Petit's *Notre Dame de Paris*. He is an artist of limitless powers and still in his early 20s - sincere and truthful in everything, dancing with an almost innocent genius. (In this he reminds me of the angelic Yuri Solovoyov: there was the same purity of intention, the same honesty with the choreography.)

But to take on Nijinsky's quintessential role as the spirit of the rose? The part is, nowadays, undanceable. I have seen several fine dancers in the past 50 years rush at it, as they might take on Everest, and with as much success. (Impossible to believe in their ecstatic writhings, in the roseate bathing suit, in the petalled cap and the feeling that they had lost their masculinity and found nothing but a blank gaze to replace it.)

Le Riche proved me wrong. He brought to the dance what Gaudier's poem (the source of the bal-



Faithless interpretation: Nicolas Le Riche and Fanny Gaida in 'Le Spectre de la rose'

let) described: "the light perfume that is my soul comes from paradise". The interpretation is faultless. He soars marvellously, ungracefully poetic in feeling, subtle in gesture, but not effeminate - the arms curve ideally well - and his dancing pours over and around the girl like the perfume of the rose itself, which is her dream. Not Nijinsky, of course, but making Nijinsky, Fokine's choreography, and the magic of the old Ballets Russes, live again. It is one of the most completely satisfying pieces of dancing I have seen. The girl

was Fanny Gaida, charming in everything, but the ballet belongs to Le Riche.

In passing, I record that the Opéra's programme book for this quadruple bill (which runs until the end of the month) is handsome and to be treasured; and that the Opéra Ballet is also performing at the Bastille in Nureyev's opulent staging of *Raymonda* (with performances until mid January). How different from the artistic endeavours of our own dear Royal Ballet with its furry infestation of the South Bank.

As a post-script to Le Riche's dancing, I note that a new film will be seen in Paris in January (at the Elysees Lincoln cinema) which celebrates the life of Serge Peretti, whose pupil Le Riche was. Peretti was an immensely elegant dancer at the Opéra, whom I remember vividly from performances in the 1940s. In the last months of his life (he died last August in his 87th year), the distinguished director Dominique Delouche filmed him at work, and this portrait comes as a fitting memorial to a great dancer and a great teacher.

JP 11/10/97

How to Spend It



Left to right: Alamos Ridge Cabernet Sauvignon, £24.95; Minnie Mouse Doll, £9.95; bone salt dish, £7.95; and spoon, £3.75; chocolate-covered orange peel, £7.60; Muji's clear plastic folders, £1.95 and 95p; white wood apple and pear, £3.50; extra virgin olive oil, £10.35; glass pot, £10; bottle of Smythson's ink, £3; stationery from Muji, from £2.50; Bobbi Brown eye pencil, £3.95; Designers Guild leaf-embossed notebook, £3.90; Fleur lavender oil, £4.20; Black beeswax candles, £3.75

Christmas treats for less than a tenner

Lucia van der Post asks a talented cast to use their ingenuity in finding appealing presents

One of the best Christmas presents we ever had was the time we rented a Scottish shooting lodge over the holiday period, invited lots of our own and our children's friends, and allowed no one to spend more than £15 on a present.

We were, of course, awash with books - wonderful paperback books can still be had for much less than £15 - but in a remote place like that what could be better?

Christmas, we discovered, didn't have to be expensive - what counted was ingenuity, imagination, matching present to person.

This year we have set a number of prominent people an even tougher limit - what we asked them, would they choose for under £10, either for themselves or for somebody of whom they were fond.

A quick look round the stores shows that it isn't quite as tough a proposition as one might think. Food is an obvious contender (however small the quantity, the quality must be of the very best) - perfect truffles, a tube of truffle paste or a bottle of truffle oil, amaretti, the list is endless.

Marks and Spencer is always a good source - it is selling a terracotta pot filled with narcissi or amaryllis. The Conran Shop, 81 Fulham Road, London SW3, has coloured glass tumblers at £2.95, glass candlesticks at £4.95, coloured glass flower pots at £2.95, or coloured cotton napkins for £1.75.

At Liberty of Regent Street, there are tortoiseshell bangles (three for £9.95), amber drop earrings for

£9.50, shiny red or black container pots for £9.95 or £8.95, as well as a mass of Liberty print covered diaries, photograph frames, address books and the like, all for well under £10.

At Manguette, 40 Gordon Place, London W8, there are delicious rock-shaped soaps, for £9.95, at Next, splendid notebooks for the same price, while Johnny Loves Rosie hair slides are £9.95, and Aromatherapy of Roma candles (available from Space NK apothecary shops) are just £7.95. Here, on the rest of the page, are what our guinea pigs chose.

Caroline Charles, fashion designer
"No woman is complete without a Bobbi Brown eye pencil, so this is top of my list. But once the make-up has been sorted out, then tranquillity is everything - especially at Christmas - which means that Fleur Lavender oil is a necessity for my bath."

Bobbi Brown eye pencil, £9.95, from Harrods; Fleur Lavender oil, £4.20, from selected health food shops in London or direct on 0181-444 7424.

Zeev Aram, founder and owner of Aram Design
"I would like a good bottle of cold-pressed first pressing extra virgin olive oil because it is very enjoyable while it lasts, you are not stuck with it forever like a sweater or a tie, and it is good for you and your health. Try a simple Olio Sasso from Camisa in Old Compton Street, or half a litre of Il Padrone from Carluccio's in

Covent Garden. Don't use it for cooking. Keep it for salad."

Half a litre of Il Padrone from Carluccio's at 28a Neal Street, London WC2, £10.35.

Kelly Hoppen, interior designer
"There are lots of things I like that cost less than £10 - in particular, some wonderful bone pieces from the General Trading Company. A bone spoon costs as little as £3.75 and a salt dish is

just £7.95, also from GTC. White apples - a group in a bowl looks wonderful - are £8.50 each. They come from Penkridge Ceramics (tel: 01922 585181).
"Woodhams, 60 Ledbury Road, London W11, has small glass pots at £10 and Pauline Thomas sells wonderful black beeswax candles for £9.75 each. And, of course, anything to do with chocolate."

Tyler Brüll, editorial director of Wallpaper magazine
"I'd like a bottle of delicious wine that goes with anything - say a bottle of Alamos Ridge Cabernet Sau-

vignon from Safeway at £5.49."

Matthew Bourne, choreographer and artistic director of Adventures in Motion Pictures
"I am a big Minnie Mouse fan; she is clearly the most talented and undervalued Disney star, so I would be happy to receive anything to add to my growing Minnie collection. Mickey, Goofy, and Tinkerbell would also be welcome and even a Noddy or a Barbie. I do, however, have two naked Kens in my bathroom which could do with a bit of company and Kens are very cheap to buy."

9in Minnie Mouse Doll, £9.95, from The Disney Store, 01923-202635 for stockists.

Tomasz Starzewski, fashion designer
"I'd love 200g of chocolate-covered orange peel from Bagatelle in Harrington Road, London SW7 - they cost just £7.60."

Frank Sawkins, founder and owner of Czech & Speake
"A bottle of ink from Smythson in Bond Street (£9) because I like to draw with a fountain pen. Also, the ink is presented in such a fab box. I'd also like a book of loose silver leaf - such a luxurious gift - I use it sparingly to garnish risotto and consommé."

25 sheets for £7 from L. Cornelissen and Sons, fine art materials, 105 Great Russell Street, London WC1, 0171-636 1045.

Jo Malone, owner and proprietor of Jo Malone, 154

Walton Street, London SW3
"I love Muji's clear plastic folders which I use for travelling and find them so useful. They come in different sizes and the smaller ones are great for taking all your bits and pieces on a flight. The larger ones I use to pack silk shirts and they never need to be pressed at the other end as the air in the bag protects them. I even used one of these as a clutch bag once - I'm not sure how well it worked but I like to do the unexpected."

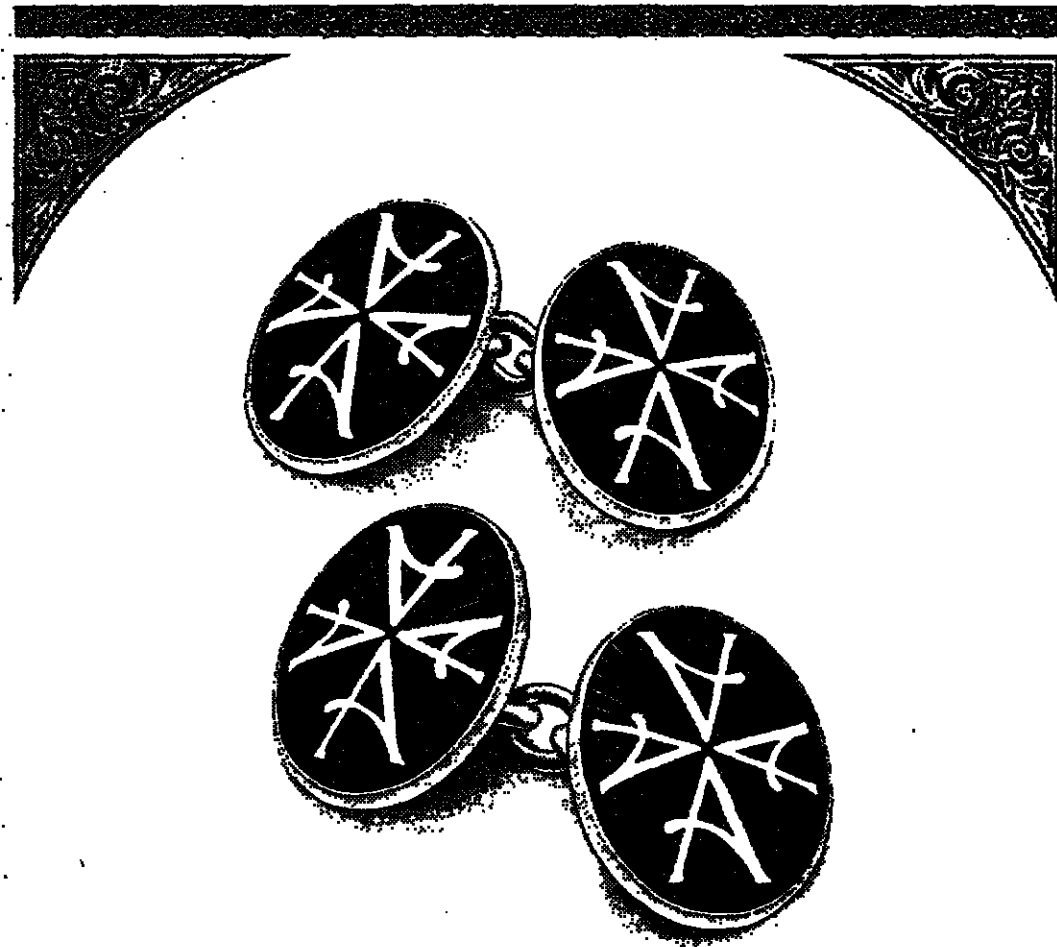
Muji clear plastic folders from 95p to £1.95 each.

June Summerill, partner in Summerill and Bishop kitchen shop, 100 Portland Road, London W11
"I love to make a note of quotations as I read and I like jotting down bits of information that I find interesting, so I would like to have one of Designers Guild's leaf-embossed notebooks, £9.90."

Maureen Doherty, founder and proprietor of Egg, 36 Kinnerton Street, London SW1
"Additional research by Edwina Ings-Chambers and Alexander Stevens

"I'd love a book taken, a packet of cornflower seeds, a stone or a shell - my daughter always buys me a shell and I love them."

Ashley Lloyd-Jennings, co-founder of Hackett and now creative director of Alfred Dunhill
"I'd like anything from Muji - in particular pencils, notebooks or anything else from the stationery range."



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HOW TO SPEND IT

Fashion

Welcomed with wide open arms

Holly Finn finds the wrap dress cures her broken heart

When I heard about Diane von Furstenberg's resurrection of the wrap dress, I had a feeling that it had come at a good time for me. Without seeing any pictures of the 1990s version, I could picture myself in it.

I tried it on in my head and it fitted. For one who enjoys shopping almost as little as listening to someone clip their toenails, doing it mentally rather than in person is wonderful.

I called my mother to check that I wasn't suspending any worthwhile disbelief. Yes, indeed, she had owned one of the 1970s wraps, and it fitted her perfectly. Because my mother and I have almost exactly the same sized body, this confirmed it. I could buy one without really shopping for it.

I called Saks, which was selling them exclusively in the US this year, and asked about availability.

A helpful person said that although they had very few in stock, Ms von Furstenberg would be visiting the store between 10pm and 3pm the following Tuesday and would be bringing odds and ends. I noted the date in my diary.

But I woke on the Tuesday distraught at the knowledge that my ex-beau had found another. Heartbroken, I could think of nothing but that a long walk would help. I walked downtown and didn't stop until I got to Saks, minutes after it opened at 10pm.

Lucky, lucky me. The dresses had already been delivered. And on the 7th floor, the Diane von Furstenberg racks were already swarming with fellow purchasers. Had I waited until 3pm, as intended, I'm quite sure I would have found only hangers swinging on the rails.

I picked a dress and tried it on. Voila! I bought it. My only moment of doubt came when I realised that the cream scribble pattern on the chocolate brown background did, in fact, include the barely recognisable

ble signature, Diane. Because I am firmly opposed to paying a designer for their clothes, and then paying them again by advertising the product, this gave me pause for thought.

My bill was clucking its way out of the credit card machine when I decided that the design was just haphazard enough not to compromise me.

Like mine, many of the designs printed on silk jersey don't just hark, but holler back to the 1970s. There is what looks alternately like a flame and a teardrop pattern in maroons and reds. There is a red paisley and a blue paisley, both of which give you the feeling of being in an unrenovated kitchen.

It is clothes reminding the woman to do things with gusto, clothing as catalyst

and there is a variation on the scribble pattern in a lighter, nondescript brown.

There's also a leafy velvet pattern laid over sheer black, for evening, and a plain bright red silk.

It is the shape that is important. All have V-necks. Some, like mine, have a collar. This falls purposefully, happily at the edges of the collarbone. Soft cuffs at the end of each sleeve can be pulled flat or folded jauntily back. The length is just above the knee, where nothing goes wrong.

But the real joy of the dress is the wrapping around. As it hangs on the hanger, the dress can look petulant, saggy. It remains moody when you hang it on your shoulders. But when you grasp the two ribbons of fabric that do the wrapping, tie them up and look in the mirror, everything has changed. The ribbons are



Diane von Furstenberg wrap-dresses are on sale in the UK at Browns, 22-27 South Molton Street, London W1, starting at £140

not mean and stringy. They are about 3in wide, oblique, generous. You feel a gentle pressure, as if two loving hands were holding you at the waist, just where you like it.

The sexily proportioned Diane von Furstenberg wrap stirs you to sip a peppery red wine, to skip, to kiss. In it, you feel like you do those things very well, and you do. This is not a case of clothes making the woman, it is clothes reminding the woman to do things with gusto, clothing as catalyst.

Because of its previous incarnation, the dress is an old favourite when you first put it on, something well-worn. I have never been one for vintage clothes shops, because I don't want to wear someone else's history. With this wrap, I'm wearing my own history.

I imagine my mother in hers years ago, me tugging at the silky skirt while she strides along gainfully. Some time ago, I heard New York's

governor Mario Cuomo on the radio, saying that life is about motion, not joy. In this dress, it's about both. And about understanding how what preceded you looked then and how it looks now.

More temporally, wearing this wrap, at least in New York City, is like walking an unusual dog. People can't help commenting and you can't help feeling a flip on matter what your physiognomy.

I saw women of all shapes and sizes trying on the dress. It looks great on almost everyone. And it is intoxicatingly comfortable. It feels slightly, pleasantly illicit, as if you are wearing only your smoothest underwear in public.

If, as I suspect, we all share a secret desire to go to the chic bar round the corner feeling as good as we do in our bathrobe, as good as we did before our hearts were broken, we should get wrapped up in this.



BANX

A cybertrip through Santa's grotto

Paul Taylor finds encyclopaedias, cordless phones and a wind-up radio on the electronic menu

If last year is anything to go by, Santa's present sack this Christmas will be bulging with Pison hand-held computers, colour ink-jet printers, digital cameras and other electronic toys and gizmos.

Each year the electronic industry holds its collective breath in the run-up to Christmas, traditionally the hottest selling period for home personal computers and other digital devices.

Already companies such as Intel, the world's biggest computer chip manufacturer, are reporting that the final quarter of 1997 looks positive for the silicon-powered machines which are invading our homes. Indeed, as in previous years, the home PC is likely to be top of many Christmas lists.

But whereas the traditional home PC used to be a stand-alone device, today's high-powered machines are designed to be multifunctional entertainment and communication devices equally capable of running the latest 3D adventure game, trawling the world-wide web for homework information or sending grumpy an e-mail.

Inevitably, in the fast-moving PC world, today's technology will be ancient history in six months' time. Nevertheless, with home PC prices continuing to plunge, it is worth buying the fastest equipment you can afford.

A basic home PC based on Intel's 166MHz MMX microprocessors can be bought for less than £1,000 now but, if you pay a few hundred pounds more, you can choose a brand-name machine built around Intel's new Pentium II chip running at 233MHz or 266MHz.

While microprocessor speed counts when buying a PC, it is size that matters with the computer screen or monitor. Standard screen sizes are 14in or 15in, but if possible choose a 17in model. As a replacement, 21in screens from companies such as Viewsonic, ADI and Taxan are becoming increasingly popular and cost less than £1,000.

One of the main reasons for buying a home PC this Christmas will be to join the rush on to the internet - 200m people are expected to be connected by the end of the decade. Most PCs are now sold with the software

and hardware needed to connect up.

Alternatively, one of the internet magazine titles available from W.H. Smith will list the big internet service providers in the UK, most of which will be delighted to help the novice get connected in return for a monthly fee of between £7.50 and £15.

For those - like grumpy - who do not want to have to buy a full-function PC just for internet access, there is an alternative. Several companies, including NetStation and Argo, have launched £300 set-top box devices which plug into a television and telephone line to provide e-mail and web access.

In the "entertainment" software stakes, Microsoft's Encarta encyclopaedia and

Must-have game for older boys this year, Tomb Raider, features the redoubtable Lara Croft.

other reference titles are big sellers, but Encyclopaedia Britannica has launched perhaps the ultimate in CD-Rom-based encyclopaedias; it contains the entire text of the 32-volume print version including 44m words, 72,000 articles and more than 8,000 photographs and illustrations for £125.

Wannabe corporate raiders will be amused by Forbes Corporate Warrior business strategy game, but the must-have game for older teenage boys this year is Tomb Raider II featuring the redoubtable Lara Croft.

Tomb Raider II is also available for Sony's hugely successful PlayStation video games machine, which costs £129.99, although it is not suitable for the rival Nintendo 64 console, which costs £99.99.

For players of hand-held games, Nintendo's Gameboy is still going strong and this year, for the first time, it is possible to buy a version of Tamagotchi, the original Japanese virtual pet, for the machine.

Hot computer add-ons this

Christmas include scanners like Logitech's PageScan Colour, which allow text and images to be captured and then manipulated on a computer, Iomega's Zip high-capacity superfloppy drives and CD-R drives, which are like CD-Rom drives but enable the user to record data or music on to a CD disc - a task made particularly easy using a neat software package called Easy CD Creator from Adaptec.

The other add-on which looks like popping up in lots of Christmas stockings this year is the digital camera. Although these have been around for a number of years, it is only in the past 12 months that the prices of cameras capable of producing high-quality images have fallen to an affordable level.

A bargain basement digital camera such as the Kodak DC25 can be bought for £199.99 in Dixons, but a higher quality machine like the Kodak DC210 or Epson 500 will cost from £200 upwards.

Digital cameras can be connected to a PC and a colour ink-jet printer to produce near photo-quality images. Suitable ink-jet printers include Epson's Stylus Photo and Lexmark's 7200 machines, which both cost around £250. Epson also sells a digital photo studio, comprising camera, printer and film scanner.

For those with ambitions to be the next Steven Spielberg, a digital camcorder would make a fine, if somewhat pricey gift - expect to pay from around £1,300 for a digital machine such as JVC's DV170 compared with around £600 for a high-quality conventional camcorder.

Those suffering from tech-fear should consider one of the new still-cameras boasting advanced photo system (APS) features. These cameras, like the elegant Canon IXUS at £299.99, take a new type of film that is easy to load and can handle three picture formats.

Next year is likely to see a flood of new hand-held computers which fit in the pocket and operate like portable offices, complete with e-mail and fax features as well as the standard diary, address book and calculator functions.

Pison's sleek new Series 5 machine for £500 is the Rolls-Royce of this market segment, but faces growing competition from new machines based on Microsoft's Windows CE operating system and the shirt-pocket sized US Robotics PalmPilot, which has been a runaway hit in the US.

Music on the move is also going digital. As sales of Walkman-style personal tape-players begin to stall, purchase of MiniDisc players is finally beginning to rise. Sony's MZR30 costs £300 and can record as well as play MiniDiscs.

The 1990s have also seen an explosion in the market for mobile telephones. Among the most coveted is Motorola's tiny StarTac, which cost £500 a year ago but can now be bought for £130 along with a one-year connection to one of the digital networks.

Inside the home, traditional cordless telephones are being steadily replaced by new digital systems like the Philips Xelio phone, based on the European DECT standard which offers much higher quality connections and up to six extensions.

Keeping track of teenagers is, as always, a challenge. One device that may help is one of the new range of text-pagers which cost from £40 upwards. Another option could be to invest in a night vision scope which seem to have found their way into mainstream shops from the specialised spy stores.

One device which was never in a spy shop and doesn't even need electricity is the Freeplay radio. The £59.95 wind-up clockwork radio was invented in the UK, is made in South Africa and, say its suppliers, is "designed as a 'must-have' lifestyle accessory" and "the biggest thing to hit the high streets since Buzz Light-year".



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HOW TO SPEND IT

Whatever you buy, make it the best of its kind

Lucia van der Post with suggestions for what women really want for Christmas

I don't know about you - and I'm sorry if this sounds ungrateful - but quite frankly there are some gifts I'd rather not see this Christmas. I don't want a hostess trolley, a pineapple masquerading as an ice-bucket, hon-ey-suckle tights, a poinsettia, anything fakey that makes a noise, purple gloves and most particularly of all please, please no chocolates (not even truffles or dark bitter mints).

And if any of you men out there are reading this, you'd be amazed how many of my women friends agree with me. We know what we like and what we like are luxuries, the sorts of things that are perfect of their kind. They needn't be large or expensive, though if you're really flush a week at the Cipriani, a chauffeur, some jewellery from Solange Assagury, a pair of Manolo Blahniks, a Howard Hodgkin painting or a year's ministrations from a personal trainer never go amiss.

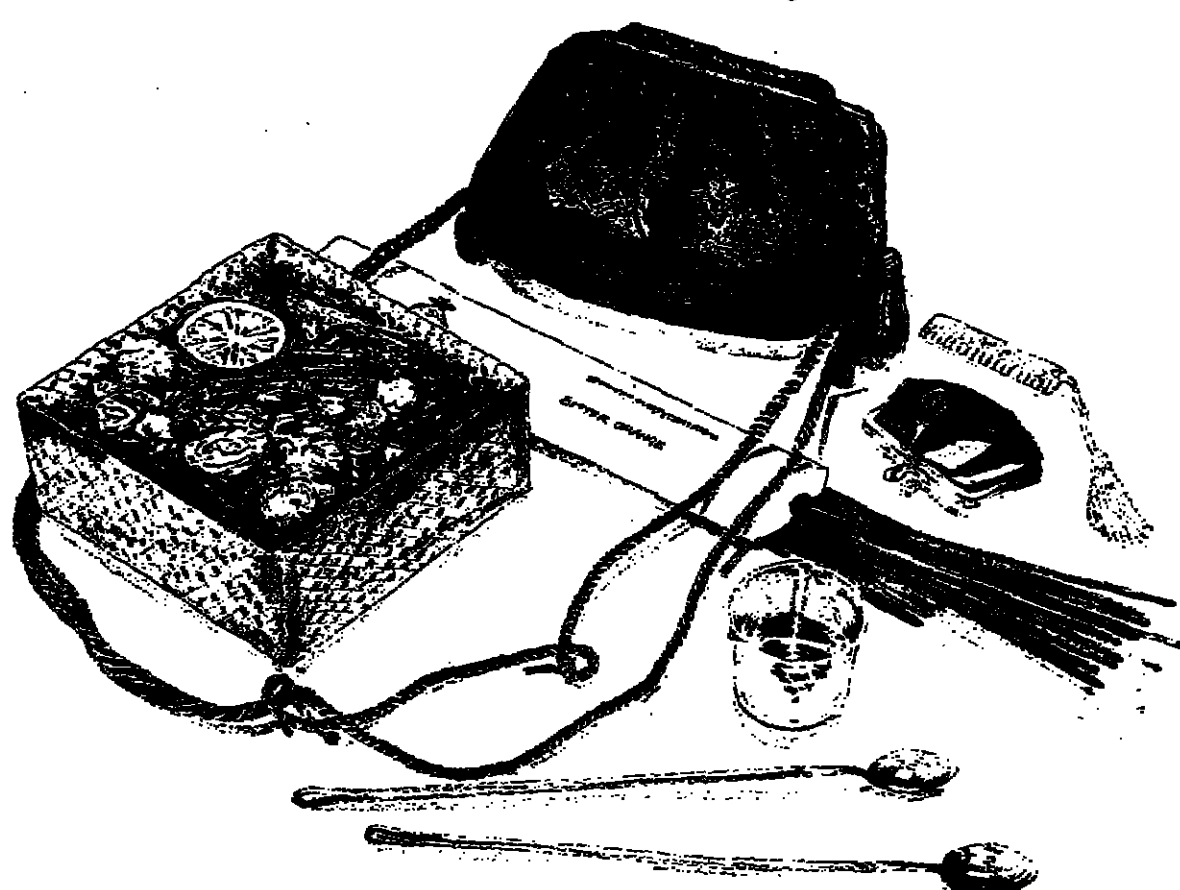
But true luxuries can also come small. They can be as inexpensive as a single bar of beautiful soap (best is the almond one from the Farmacia Santa Maria Novella in London's Walton Street), one perfect cup and saucer, some Himalayan tea, an antique pillowcase, plain white candles, a snail-covered coloured notebook from Designers Guild or a Bobbi Brown pale nail lacquer. But whatever it is, it should be the best of its kind.

For those still looking for ideas of what to give the women in their lives, here is a list of suggestions culled from the wish-list of friends and colleagues.

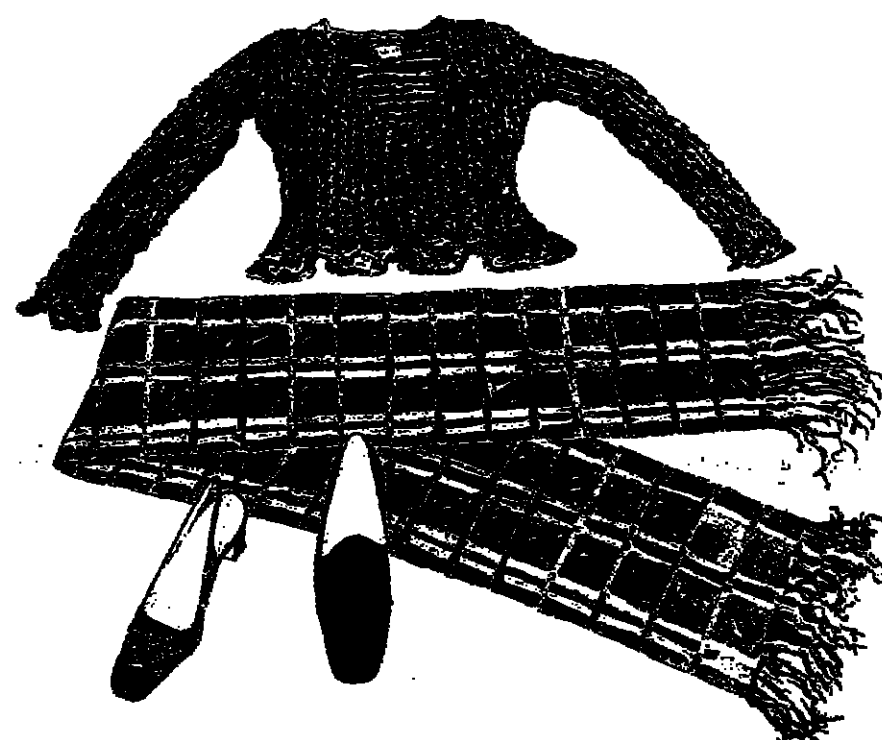
If she likes cooking, give her the right cookery book - she's probably mastered *River Café One*, so give her *River Café Cookbook Two* by Rose Gray and Ruth Rogers, £25, or *The Sugar Club Cookbook* by Peter Gordon, £20. Foodies would love a bottle of Limoncello or a hamper from Carluccio, from £19.50 to £260, 28a Neal Street, London WC2 (tel: 0171-240 1487). Otherwise, a small pot of caviar or *foie gras*.

An archive recording - Yehudi Menuhin in his prime, playing the Brahms Violin Concerto in 1943 or Arturo Rubinstein playing Chopin. Or for something trendier, there's that fine classical musician Yo-Yo Ma playing "Soul of the Tango".

Scent - but it has to be the right one. If she's young and up to the minute give her 50mls of *Comme des Garçons eau de parfum*, £33. Aqua di Parma, originally devised for men, is increasingly popular



Clockwise from left: orange-scented Agraria pot-pourri, £40, and burning sticks, £20, Browns, 22 South Molton Street, London W1. Judith Leiber evening bag, £1,375, Harrods, London SW1, and Asprey, New Bond Street, W1. Silver hand-beaten jug, £145, and long-stemmed spoons with gemstones, £145 each, William Welstead (tel: 01451-870 322) and Egg, 36 Kinnerton St, London SW1



Burnt orange tweed jumper, £230, Chanel, 19-21 Old Bond Street, London W1, and 31 Sloane Street, SW1. Chenille scarf, £160, Warris Vanni, 85 Goldborne Road, London W10. Rose-embroidered, grosgrain slingbacks, £209, grosgrain loafers, £199, Emma Hope, 12 Symons Street, London SW5

with women - buy it in soap, *eau de toilette* or candles from Harvey Nichols, Knightsbridge, London SW1, or The Conran Shop, 81 Fulham Road, London SW3.

If her luggage is looking shabby and you can't afford a matched set of Louis Vuitton or Mulberry, give her a Carlton suitcase - understated, clean-lined, tough as

boots. Between £83.99 and £70 from The Conran Shop. Every working woman needs a tote bag and one of the smartest is by Tanner Krolle (38 Old Bond Street,

London W1) - the colours are spot on, the shape is elegant but modern, £280. Tanner Krolle's luggage is also beautifully thought out and finely made.

A scarf - or, come to think of it, anything - from Etro (14 Old Bond Street, London W1). It has a *haute* bohemian glamour that will never date. Dries van Noten scarves - wool on one side, embroidered on the other - add panache to the plainest coat. Find them at Browns, 23-27 South Molton St, London W1. Or anything by Asta Barrington from The Cross, 141 Portland Road, London W11 (about £165).

No woman ever had too many cashmere sweaters. The best name to look for is Lucien Pellat-Pinot (at Browns, South Molton Street, London W1, from £250). Otherwise, track down a simple grey cashmere polo-neck, or go to Brora (344 King's Road, London SW3) for a cropped, round or v-necked cashmere sweater in a range of colours (£119).

In the beauty line, a "total body experience" at the Aveda Urban Retreat in Harvey Nichols or a good nearby health spa is a serious treat (up to £240, depending on the treatments); lots of Eau du Sud by Annick Goutal; Trish McEvoy's Micro Mini Make-up Planner (£15 from Harvey Nichols); or an Aquas hair towel which cuts down drying time and helps prevent damage to hair, £20 (tel: 0171-624 3397).

Give her luxury for the bedroom (or it could be used as a sofa throw) with a Chin-chilla bedspread, £395, from Fardeh Pelham, 3 Cale St, London SW3.

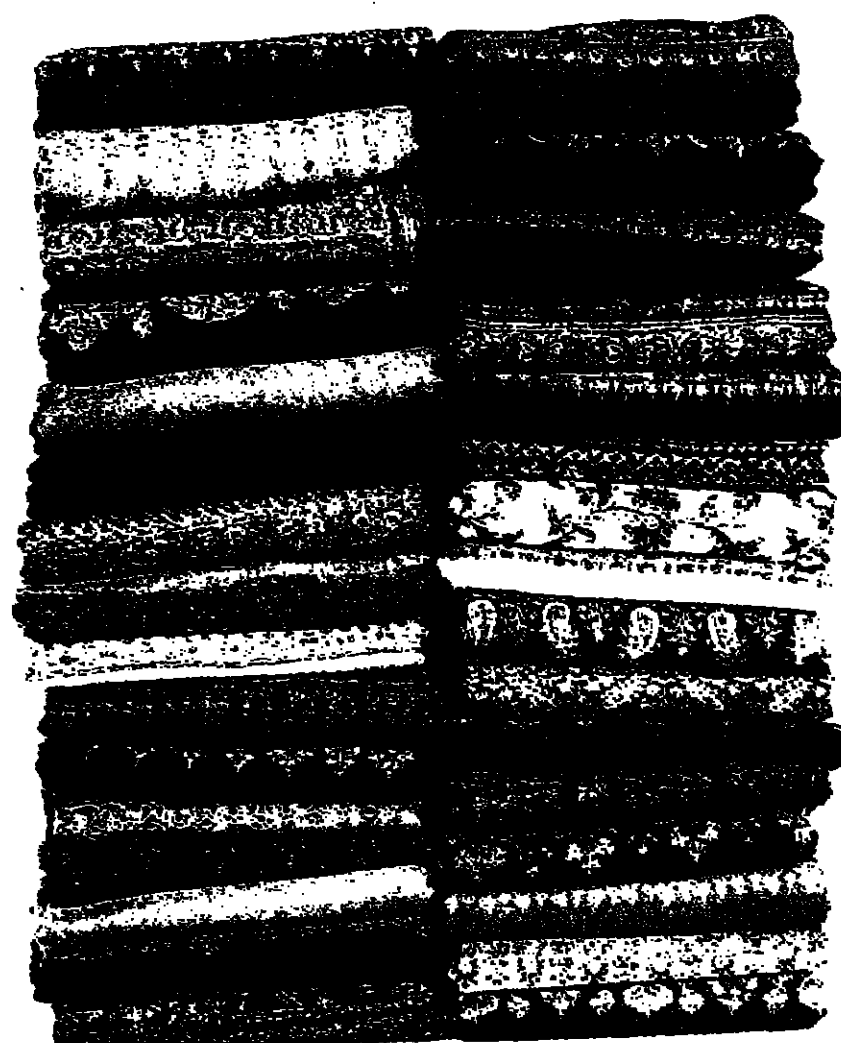
For serious luxury for the modern and design-conscious, George Jensen of 15 New Bond Street, London W1, has some wonderful modern glass - a Carlo Scarpa Serpente dish by Venini would set you back £3,825.

The Damien Hirst pop-up book by Booth-Clibborn is £59.95 from most big book-shops.

Take care with underwear - getting it right is far from easy - but I can't think of many women who wouldn't be thrilled with a set of Prada lingerie, most particularly the Charmeuse Slip with cotton tulle trim and Silk Chiffon Body Suit with tulle trim (from £124).

When it comes to jewellery, you're spoilt for choice - but at the moment are a chakra balancing necklace from Noel Borhorquez (about £12, tel: 0171-228 2061) and anything from Pippa Small, especially the river-tumbled topaz necklace (about £200 from The Cross, 141 Portland Road, London W11).

For the stocking, something to flash - a Versace Compact, £22, so kitsch it's cool. Something to read - *How Proust Can Change Your Life* by Alain de Botton (Picador, £12.99). Restoring and Reviving Bath Oils by Aromatherapy Associates, because they really do work. A piece of sodalite (it helps cure hangovers when placed between the eyes), £1.50, from gem shops or the Natural History Museum shop.



The true pashmina is made of pure wool from the neck and belly of a Himalayan goat

When only a pashmina shawl will do

This year, as last, the pashmina shawl is still one of the all-time great presents - no woman I know can ever have too many. But when is a pashmina really a pashmina? London stores (and I daresay stores the world over) are overflowing with what are called pashminas but are not always the genuine article - many are combinations of silk and pashmina and the honest stores label the shawls as such.

The true pashmina is made of 100 per cent wool from the neck and belly of the Himalayan goat, *Capra hircus*, which lives at altitudes between 12,000ft and 14,000ft. A combination of the altitude, a spartan diet and its genes have resulted in it growing a coat of the softest, warmest, lightest of wools.

Those going to India and thinking of buying pashminas there - which seems like a good idea on the surface - should take particular care as many of the shawls are made of mixed fibres. Unscrupulous manufacturers, for instance, will mix some pashmina wool with "raffal", which is basically just sheep wool.

The only real way to tell if somebody is deceiving you is to feel the real thing and then compare it with others. A woman in India who can't afford a pashmina will wear a raffal shawl, which are often embroidered.

Worst of all is when acrylic or rabbit is mixed with pashmina wool. Rabbit is quite hard to detect because it is light and soft, whereas acrylic usually gives the shawl a bit of a sheen. In the cheap shawls, the dyes run if you sweat or get it wet. If anything costs less than £400 be highly suspicious and, in any event, always ask detailed questions about the fibre content.

Most commonly, silk (which is cheaper than pashmina) is added which not only makes it easier to weave, but also gives it greater strength. However, it doesn't fold so well, nor is it as light and warm for its weight.

One certain source of real pashminas is Madeleine Trehearn, New End Square, Hampstead, NW3. Tel: 0171-435 6310. She and her partner, Harpal Brar, get the shawls in India and have a vast supply in colours, including neutrals, naturals and pastels. Plain shawls are £450, those finely embroidered start at £675.

Titri at 82D Portobello Rd, London W11 (tel: 0171-229 2023) has several qualities, including a few pure pashminas, mostly in natural colours. There is one spectacular white throw for £550.

There are also combinations of silk and pashmina. Alice von Baum organised their design and

weaving herself, choosing top quality pashmina from Kashmir and Ladakh (the higher the habitat, the finer the wool) and mulberry silk from Varanasi. The wool is very finely spun and the shawls are woven with a silk warp and pashmina weft. They are dyed in soft pastel shades (which are the most expensive) and cost £360.

For those who can't afford this quality, there are still fine shawls to be had - another combination of pashmina and silk bought in Kathmandu and which comes in a vast range of colours, everything from all the naturals (pale grey, khaki, beige) through to pastels and bright colours. These are £160.

Finally, there are some made from 100 per cent mohair which is the rougher wool from the Himalayan goat. These cost £125.

And if that is still beyond your means, consider one of Joseph's pashmina lookalikes at £75 (from 77 Fulham Road, London SW3). If you're thinking of buying your partner a pashmina this Christmas, bear in mind that if she hasn't got one, start with the natural "greige" colour.

But if she already has one of those, then branch out into something more colourful, relating it if possible to the clothes she already has in her wardrobe.

L.v.d.P.

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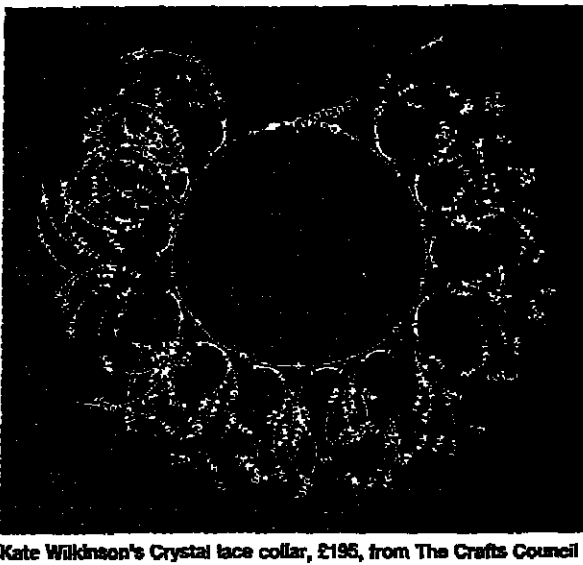
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OUTDOORS

Neighbourly incursions into the moral high ground

The Sloane Walleys are plotting against the vixen next door. Robin Lane Fox reports

My two old friends Julian and Veronica Sloane Walley are settling in for their tenth Christmas at the Old Rectory in Sussex since their move from Onslow Gardens in central London on the eve of the last property boom but one. Since those happy days in the mid-1980s, relative prices have reached the point where there can certainly be no turning back.

It is compensation, albeit partial, that this year's garden has grown much better in the relatively kind conditions. Veronica is delighted with her yellow-leaved hedge of Choisya Sundance and Julian cannot understand why more of his friends have not edged their main borders with his low-clipped hedges of Euonymus Silver 'n Gold.

He finds it extremely easy to prune with the electric-powered carving knife Veronica kindly gave him the Christmas before last, although she nearly regretted doing so when he turned it this year to the dead-heading of her season's high point, the bed of Margold Boy-Boy mixed which she cleverly picked from the catalogue because of its vibrant and recurrent flowering.

If the garden has been kinder, the mood of society has posed more problems. The town-country split has always been painful for the Sloane Walleys, who have never mentally adjusted to the sharp difference between life in Chelsea and West Sussex. However, this summer it became more apparent than usual.

Those who think that the English countryside is a quiet pool of conservatism have never had to cope with the unpredictable fact of

neighbours. In the country, neighbours tend to stay for life. They bring children and prejudices with them. They come pre-armed with the views of a moral minority.

Both the Sloane Walleys were delighted to read in the Weekend FT in September that foxhunting still commanded intellectual support and is far less cruel than cat ownership, a wasteful activity for which they have never had any sympathy.

Delight, however, has been

He told her to get lost; he was merely exercising his Right to Roam

short-lived. In late June, the tile-hung cottage next door changed hands at pre-Asian crash prices to Claire Safe Haven who turned up with two children and no visible male member of the family.

On July 10, Julian and Veronica attended the Countryside Rally in Hyde Park and wholeheartedly endorsed those speakers who claim to hold the moral high ground. They returned home, echoing the words of the one they thought put it best: "We country people do not claim to understand single parents and crèches, whereas you town dwellers do not understand our guardianship of the land."

Admittedly, Veronica did remember the unfortunate case of her grandfather's stud groom who sired two linked her unwelcome visitors' presence to the existence of the Fox Trot scheme over the fence and link became a near certainty this

in the pre-war past. Until she met Claire, she had not expected to find a single mother, by choice and not by accident, living over the post and rail fence only six miles outside Horsham.

Worse, Ms Safe Haven's parenting turned out to extend to the animal kingdom, too. It was not long before she leafleted Veronica and Julian with details of the helpline for her home-run service, Fox Trot, "a wildlife ambulance service" operating with local authority support from Crawley.

Veronica has never had much sympathy for maimed animals and she was quick to make the connection when she found, in October, a scatter of small animal bones beside the compost heap in her orchard and a musky smell beneath her avenue of Ballerina apples.

It turned out that two vixens had gone to ground with their families on that grey area of property which always occurs on the borders of maps and country solicitors' house plans. Julian immediately considered gassing them with the exhaust from the family Land Rover, but Veronica said it was hypocritical to attack foxes with carbon dioxide and continue subscribing to the Campaign for Bloodsports.

By the beginning of this month, bloodsports were uppermost in the Sloane Walleys' priorities. Their sandy-whiskered visitors repeatedly ransacked the Old Rectory dustbins and made savage work of Veronica's bantams, which laid the eggs for Julian's pre-commuting breakfast.

Veronica has always linked her unwelcome visitors' presence to the existence of the Fox Trot scheme over the fence and link became a near certainty this



week when she saw, to her disgust, a pigtailed young earthperson in a pair of combat trousers tipping out chicken carcasses on her side of the communal boundary for the sustenance of her uninvited guests.

Nothing is quicker to arouse indignation in a Sloane Walley than an intruder. Veronica was out of the Old Rectory like a shot and was outraged when her intruder promptly told

her to get lost, because he was merely exercising the privilege, about to be endorsed by the government, known as the Right to Roam.

Under forthcoming legislation, he could walk wherever he wanted in New Britain's people's asset, the Countryside. As far as he was concerned, that countryside began with the Sloane Walleys' orchard.

The Right to Roam has always unsettled Veronica

as she has increasingly suspected that it is something which Julian exercises mid-week when staying in their tiny flat near Victoria. In rural Britain, it strikes her as the ultimate Labour lunacy. Hoards of ignorant walkers will simply course their way through lambs, animals in calf and Sloane Walleys sunbathing topless without any education in the ways of the countryside or the slightest respect for the

obstacles which land ownership puts in the way of its owners' free enjoyment.

The trouble with roamers is that the balance of power is unequal. It did occur to Veronica to respond in kind and pitch camp on the Safe Haven's mammal pick-up area at the back of the patio, but she feels that the answer is to rouse Julian to sterner action. After the recent upheavals in his special sector, the Asian markets,

Julian has been uncharacteristically wet at the weekends. Veronica, however, has found a new way of stiffening his resolve.

The Sloane Walleys are always on the lookout for new style guides to living, and this year they have joined the growing number of English fans who have belatedly joined the transatlantic fashion for the taste and tricks of Martha Stewart. Some years ago, Veronica's best friend in Chelsea married a man in Morgan Stanley and had a Martha Stewart wedding in which the dominant theme was sugar pink and all the tablecloths were embroidered with sequin stars.

This year, Julian brought home Martha Stewart books on gardening, the area of American decor that has so far resisted invasion. Her advice on paths, composting and colour-planning struck a chord with the Sloane Walleys' visual preferences, but she gave no advice whatsoever about pest control, let alone about the problem of neighbours or the invasion of foxes with encouragement from over the fence.

Veronica has now discovered that the unflappable and eminently placid Martha Stewart is, by at least one account, supposed to have another tougher side to her manicured personality. The aptly titled *Just Desserts* by Jerry Oppenheimer (William Morrow, £17.99), a collection of tales of the tabloid type, has greatly enlarged her understanding of Julian's latest choice of style heroine.

Part of the book tells of an incident involving a neighbour's gardener who filed a claim against Martha alleging that she tried to mow him down with her car. A prosecutor in Suffolk County, Long Island, has decided not to press charges, though the lawyers could still have their day in the civil court.

Admittedly, this brusqueness has yet to make it into any of the Queen of Design's guides to fashionable living, but Veronica is hoping that before the new year it will serve to spur her husband to action.

If he can take the Land Rover down to gas the foxes in residence, he can surely be inspired by his Christmas reading to go for it through the boundary and run over the neighbours whom she wished she had never been given.

After all, the Right to Roam is a double-edged weapon. An eye for an eye and a tooth for a tooth; those who exercise it can expect to be repaid in kind.

To drive south from Colorado into northern New Mexico is to enter another country. There is a scent of burning pinyon wood on the dusk air. Tumbleweed strays like blown beach balls on the highway. The place names become Spanish: La Jara, Antonito, Tres Piedras.

It was early March but there was no hint of frost. The evening was so mild we could stroll in sweaters across the Rio Grande bridge, staring down in the purple twilight at that astonishing rift in the flat valley floor. The baked adobe-style walls of the Quail Ridge Inn, between Taos and Arroyo Seco, retained the warmth of afternoon.

But up in the Sangre de Cristo mountains, where a red flash of slipping sunlight illustrated why they were so named, the snow still lay deep between sweet scented pines.

This was a sentimental journey. I was last here two decades ago, when the Quail Ridge was called the Tenthed Ranch and Taos Ski Valley, that extraordinary blend of American efficiency and stubborn European charm, was still ruled by its charismatic founder, the late Ernie Blake.

I skied with him then, as he patrolled the mountain, barking orders into a walkie-talkie, grumbling at a group of young skiers who had sloped off-piste among the pines, apparently to smoke cannabis, and, in what had begun as an inspired publicity stunt, rooting for Martini flasks he had hidden beneath trees for visitors to dig out.

A man of original charm, he came to the US from Germany with his family as Hitler hysteria built to a frenzy and later interrogated Nazi war criminals. A cantankerous purist, he sacked people one minute and reinstated them the next and once even resisted the building of chair lifts, because he feared they would attract too many duff skiers.

Downtown, on Taos Plaza, which was built by Spanish conquistadores, I ate salsa so hot they could have tortured Protestants with it, and watched an inebriated Pueblo Indian weave his way



Ready for the off: there are easy runs, but they do not give Taos its uniqueness

Skiing

Snow, steep slopes and salsa

Roger Bray enjoys the atmosphere of a very different resort

around the empty square, shadowed by two policemen in a patrol car. After a while the Indian lurched to the car window and told the driver: "OK - so take me home."

It can be a mistake to return after such pungent memories. The strangeness of the place had worked its way under my skin then. Would it disappoint me now? Ernie Blake had died, his ashes scattered over the slopes from a jet flown by the New Mexico National Guard. His son Mickey now patrolled the mountain. It went without saying that snowboarders were banned.

The town had sprawled a bit, but its essence was unchanged. Still the same mixture of Indian handicrafts and work by American artists who had come in the footsteps of Georgia O'Keeffe and that fine photographer of the American west, Ansel Adams. For a \$2 fee you could still see erotic paintings by D.H. Lawrence, who came in the hope that the dry air would alleviate his tuberculosis.

Famous for being notorious rather than for their expertise, and about as erotic, by present standards, as Mills & Boon, they were brought there after being

seized by the police in London. They hang in the La Fonda hotel, whose late owner, of Greek origin, had suggested Britain should take them back as a substitute for the Elgin Marbles - which should be returned to Athens.

There is still splendid Mexican food to be had and, like the salsa, there are surprises. This time it was the Margarita grande at Tim's Chile Connection, \$5 a time and big enough to stage the America's Cup in.

Casa Fresco, where we breakfasted al fresco under an apricot tree on our way to the slopes, was new, but

entirely in the spirit of the place: walls festooned with dried peppers, customers in the studiously scruffy uniform of the artistically creative, and better croissants than you normally get in France.

The Ski Valley had been incorporated as a town, and was now able to raise its own taxes, and Blake's son-in-law, Chris Stagg, whom I recalled teaching guests how to race gates, had greyed a little and was its first mayor.

A smart new eatery, the Phoenix, had replaced the last Schwend, which burned down in 1979, allowing skiers

to loot heat-warped cans of still drinkable free beer from its charred remains, and the base area had been revamped.

Staff grilling burgers at the sundeck barbecue, faces tilted upwards, held French fries between their teeth, waiting until Clark's nutcrackers, scavenging birds known as camp robbers, swooped to snatch them.

But the changes seemed cosmetic. The soul of the place, its extraordinary skiing, was as pure as I remembered. It may have been encroaching age but some descents seemed to have become even tougher. That

was certainly true of Al's Run, an unforgiving wall of bumps which ends only a few yards from the foot of the slopes.

The famous sign was still there at the base, reassuring newcomers that they were looking at only a small percentage of the ski terrain - and that there were plenty of easy runs, too. Blake put it there because some visitors drove in, took one look at Al's, and drove straight out again.

It was also true of the steep and sometimes narrow descents from the High Traverse, where faint hearts might have been deterred by a dummy, spreadeagled face down on the snow by the ski patrol, showing those clumsy enough to fall how to dig in with fingers and boots - and avoid sliding all the way to the bottom.

The sign is right. There are easy runs, but they do not give Taos its uniqueness. It is the powder runs from the ridge beneath Kachina Peak, which only those prepared to hike up can reach. And it is the steep glades and chutes, the narrowest of which forced a gulp even from my elder son, who could ski down the side of a skyscraper.

That and the strange geography of the place. Driving down the mountain after the lifts closed, through the Carson National Forest to that arid, unmy valley where the air was still soft enough to allow a dusk swim in the hotel pool, also seemed like crossing into another country.

Information: Roger Bray flew to the US with United Airlines which offers same day connections to Albuquerque (New Mexico) via Washington or Chicago and Denver. Return fares in March (21-day advance purchase, start at \$502 plus \$45 tax). From Albuquerque the ski area is 150 miles. Best rent a car. The Quail Ridge Inn (505 776 2211) offers a wide range of hotel rooms and serviced apartments. In early March, for example, a hotel room for two costs \$145 a night, one or two-bedroom apartments \$280 and \$360 respectively. After March 21, respective prices fall to \$89, \$175 and \$330.

...update...

MATURE SKIERS in search of a less aggressive and competitive time on the snow might find gentler landings with Classic Ski, which specialises in sliding holidays for those aged between 36 and 70. The company says many clients are first-time or returning skiers. Tel: 01703-212144

CHUNNEL VISION: Ski by train this winter. Eurostar has started a direct service to Moutier and Bourg St Maurice in the French Alps, running every Saturday until April. Prices start at £129 return; and on some December and January services, a child aged 4 to 11 may travel free with a fare-paying adult. Book on 0345-303030 (local rate calls). For details on the "Kids Stay & Ski Free" promotion at some French resorts, call the French Tourist Office on 0891-244123 (50p a minute).

LUXURY LODGE: Meriski chalet specialist opens the Lodge at Burgin this month: eight bedrooms with en suite bathrooms, satellite TV and phones; choice of menu and wines. Guests in opening week, from today until Saturday December 27, will get a celebration party, champagne, presents and carols on the balcony; £945 for the week including flights. Call 01451-844788.

GO WITH THE SNOW: Information on snow depth, lifts open and general conditions in resorts around Europe and North America is available from the Ski Club of Great Britain's hotline - 0891-700333 - at 50p a minute. From the end of December, reports will be updated daily.

John Westbrooke

السلاسل

TRAVEL

In Outback Australia with the mailman

Walter Glaser joins a postman who works in some of the loneliest country in the world

When it could be 40 miles (64km) or more to your front gate, picking up the mail can be a bit tricky. Just as well, then, that most larger Australian inland cattle stations have their own rough, light-aircraft landing strips – just one of the ways in which life in the Outback is unique.

Children go to school by tugging in to farm radios for lessons, sometimes only meeting their friends once or twice a year. Men ride hundreds of miles each week checking and mending fences. Surprisingly, in such a lonely and harsh environment, cattle thrive. And everyone looks forward to the weekly mail that arrives by light aircraft.

We began our journey at the town of Port Augusta in south Australia. The six-seater, twin-engine Aero Commander aircraft had three seats piled high with mail and a little freight. The other three seats were available to tourists like ourselves. In the next two days we flew north, stopping to deliver to Outback hamlets and cattle stations, often being the only visitors from the outside world that week.

It was early summer and even at 8.30am the day was already hot, at more than 30°C (86°F). Inland South Australia is prone to temperature extremes, consistently hot and dry in the summer, from November to April, and almost freezing in the August winter.

Information

- Unless you are unaffected by very high temperatures, the best time of the year to take the trip described here by Walter Glaser is between April and November.
- Port Augusta is usually the starting point for the journey, but packages are available that include the flight from Adelaide to Port Augusta, accommodation and meals.
- For further details on 'the world's longest mail run' you can contact the South Australian Tourist Office which will also make your bookings for you.
- Address: The South Australian Travel Centre, 1 King William Street, Adelaide 5000, Australia. Tel: 08 61 8 8212 1505; fax: 8303 2251.
- South Australian Travel Centre, Australian Travel Headquarters Inc, 1000 Dove Street, Suite 215, Newport Beach, CA 92660, US. Tel: 00 714 852 2270; fax: 852 2277.
- In London the best point of contact is the Australian Helpline on 0950 022000. Other offices are located in New Zealand, Japan, Germany and Australian cities.

Within minutes of take-off we were flying parallel to the starkly beautiful Flinders Ranges, and heading into the great loneliness of the sparsely populated Australian Outback.

The white salt-pans of Lake Torrens appeared on the left. Do not let the word "lake" fool you. At that time of year it was a dry, shimmering-white stretch of salt. Central Australia was once covered by ocean, and the salt and sand were left behind when it receded.

Now, on the few occasions when it does rain, flash floods carry water, sand and salt down to the area, small fish miraculously appear, breed into vast schools, and provide food for pelicans that come to breed on the

lake shore. The birds fly back to the coast, and the fish die as the lakes again dry up. The water sinks back into the sand, disappearing and leaving the surface salt until, six or seven years later, the cycle is repeated.

We were then well into the hinterland of South Australia. Vegetation grew sparser as we flew over countless dry river beds, some lined with trees that doggedly survive from one rare rainfall to the next by sending their roots deep and shedding most of their foliage to conserve moisture.

Ironically, below that hostile environment lies the great Australian Artesian Basin, a strata of underground sand holding huge amounts of water that make it possible for Outback cattle stations to exist.

Experts say the water is the result of rainfall in the New Guinea Highlands which has flowed subterraneously to come to rest in the Great Artesian Basin. In some areas it is so saline for crops or cattle, but in others is quite drinkable.

Homesteads, as the Outback cattle stations are called, are always located near the tree-lined waterholes and riverbeds. When they dry during summer, bore water is pumped to supplement or replace the un-



The mail must get through: loading up at Port Augusta at the start of the trip

Walter Glaser

reliable river flow. Amazingly, in such inhospitable terrain, free-range cattle not only survive but produce some of the world's finest organically-grown beef.

Our first stop was Leigh Creek, the end-of-the-railway-line to the region. A company town, all 1,100 inhabitants work for the South Australian Electricity Commission in the open-cut coal mine that is the township's reason for existence. We refuelled, loaded more mail and headed north for the individual cattle stations.

Below us, remnants of the Flinders Ranges ended with lines of jagged hills. Sparse vegetation appeared again as we landed at Moolawatanna, a relatively small cattle station covering 495 square miles. There was nothing else there. No shops, no schools and not even that great Australian essential – the Outback hotel and saloon, known as "pub" in Australia. Homesteads must be the loneliest places on earth.

A four-wheel-drive Toyota pulls up to pick up the mail. The driver put his hand across his face the moment he saw our camera. Our pilot told us that the man did not like to be photographed, and I was not surprised.

The Outback is full of strange characters – recluses, illegal migrants, and men-on-the-run from irate or demanding families back in the big smoke. The person who lives and works in the centre is often not able to handle the pressures of life in Australia's large coastal cities, but then the same can apply vice versa.

As we flew further inland I noticed some small steel structures randomly in the desert below – oil wells. Just then our pilot announced that we were coming in to land at the Moomba gas and oil field.

Moomba is so prolific in natural gas that it supplies the total requirements of

Sydney's 3.5m people and Adelaide's 1.5m as well, still leaving a surplus to be exported. Some oil is also produced. Four hundred men work there in total isolation and often 104°F heat, labouring daily for two weeks and then being flown to Adelaide for two weeks of rest and recreation. No women work there at all, and the only women's toilet in the area is the legally-compulsory one at the airport.

Leaving Moomba, we station-hopped at cattle station after cattle station, dropping off mail and the occasional box of groceries or other deliveries, and picking up outgoing mail. It was the beginning of "the wet" as Australians call the short rainy season. The land looked like semi-desert with a faint green stubble.

Innaminka cattle station appeared on the horizon. Settled in 1882, on the banks of Coopers Creek, some 25

people look after its 8,000 square miles. There was one store, one pub and little else. Durham Downs and Arrabury stations followed and then we flew five miles over the South Australian border into Queensland, landing at Birdsville, and the pub which is one of Australia's most famous Outback icons. We called in for a mandatory "tummy", and started chatting to locals, to whom every new face made a welcome change.

Birdsville has a population of 100 when everyone is in town and the pub is the social centre for whites and Aborigines alike. Everyone got on well with no evidence of racial tension.

Once a year it is the site of the famous Birdsville races, when people arrive from all corners of Australia and overseas. The race track is just an oval marked out in the dry soil, yet an incredible 4,000 people descend on

the place – with them come a supply of portable toilets, food stalls and souvenir sellers.

Accommodation is in tents and sleeping bags alongside four-wheel-drives and under the wings of the 100 or so private and chartered aircraft that arrive for the occasion.

Birdsville's small thermal power station uses the energy from hot underground water which is then piped to all homes and used for all heating and household purposes.

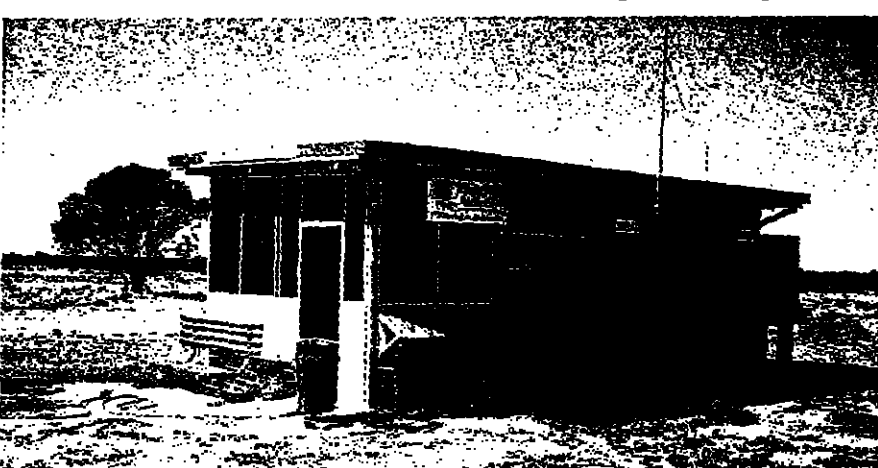
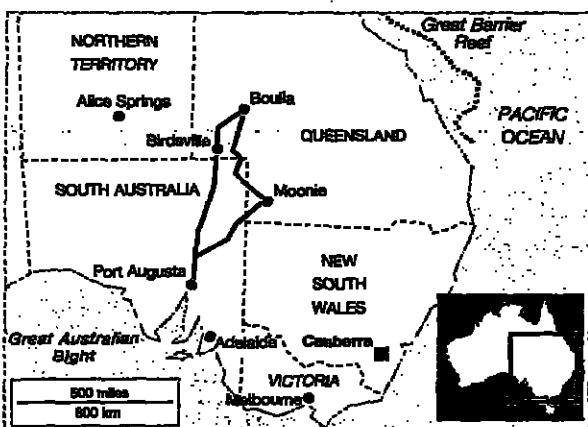
Outback Australians seemed to dislike drinking water, using the tired excuse that they never drink anything fish have made love in, so truckloads of beer arrive for the races. Thirst levels were summed up by a sign on the wall of the Birdsville Pub: "Try our seven-course meal – a six-pack of beer and a meat pie."

We said goodbye to the

drinkers at the Birdsville pub and rebounded our aircraft. Soon we were stopping at other stations just to touch-down and drop the mailbags. As the sun was setting, we landed at Boulia, our northern-most stopping point. The next day we turned around and flew back to Port Augusta.

As we returned to the big city comforts available there, we could not help thinking of the early pioneers who settled the Outback before aeroplanes, electronic communications, electricity and modern transport.

No wonder the great Australian Poet, Henry Lawson, wrote in 1892 in the poem *Up the Country*: "Nothing – Nothing! but the sameness of the ragged stunted trees! Lonely but where drought's eternal – suffocating atmosphere – Where the God-forgotten squatter dreams of city life and beer..."



This Outback 'airline terminal' is jokingly labelled International Airport

Walter Glaser

Spa hotel / Sue Style

A bather's paradise

It was past 1 am when we finally made it to Brenner's Park Hotel in Baden-Baden. A bedside note welcomed us and promised a beneficial stay. A seaweed pack, the promised panacea for jet-lag, was scheduled for 1 pm. I crawled gratefully under the down-filled sheet and slept soundly until breakfast was served silently in.

Down in the beauty spa, Alice awaited. I shed bathrobe and bathing suit and was laid out on a gently warmed bed. The seaweed pack, it was explained, consisted of a purée of algae combined with particles of volcanic dust. Gradually the volcanic nature of things would start to make itself felt and I would feel agreeably warm all over; the treatment would last about 30 minutes.

A sludge-green paste, smelling deliciously of the sea, was liberally applied to my body. I was wrapped in plastic and cocooned in a blanket, the lights were dimmed, a Brahms symphony seeped faintly out of somewhere.

I began to feel as though I were floating in a gently bubbling bath of warm mud.

The volcanic particles came alive, my skin prickled and tingled delightfully. It was sensational.

All too soon it was time to sluice off under a warm shower, ready for the final stage of the therapy. Although familiar with walnut and sesame oils, I had never before been massaged in them. I vowed never again to squander them on vinyl-greases and stir-fries.

After a brief lounge beside Brenner's exquisite marbled and colonnaded pool which overlooks the Lichtentaler Park, we opted (on Alice's recommendation) for the bio-sauna or sanatorium. A conventional sauna is a blistering bake in a hot, dry box. The bio-sauna is an altogether less violent experience, a gentle, aromatic, steamy haze.

Next day Richard Schmitz, the hotel director, determined that we should experience all that Baden-Baden had to offer in the way of bathing, booked us into the Roman-tribe baths in the Friedrichsbad. We inquired what to take with us. "Nothing," beamed the concierge complacently, "everything is provided. Enjoy your bath." On arrival we were

directed upstairs, gentlemen to the left, ladies to the right.

It is a novel – some would say disturbing – experience to wander in off the street of an elegant town, then to shed every stitch of clothing and launch oneself naked, save for a locker bracelet, into the unknown.

Cheered by the fact that everyone was in the same boat, I decided the best course was simply to go with the flow.

First came the obligatory shower, followed by a 15-minute bask on a wooden bench in the *Warmluft* room. Then came a shorter spell in the (considerably warmer) *Heissluftbad*. We all began to look distinctly pink. At this point, explained an experienced Austrian bather, we should have looked forward to a soap and brush massage. It being Sunday, however, the masseur was having a day of rest.

Regrettably we proceeded to Fairy Warm Steam Bath Number One, followed by Even Hotter Steam Bath Number Two. The significance of the word *gemischt* (mixed) became apparent at this stage, as the Austrian woman peeled away from

the – so far – segregated company of women and launched herself with an impressive splash into the central thermal bath where her husband was happily basking.

The effect was electric. Those who had a partner with whom to get *gemischt* promptly did so, and there was a brief but joyous spell of communal bathing.

The time came to go our separate ways and we each went back to our corners for further spells in baths of ever-diminishing temperatures. After a brief dunk in a distinctly chilly tub, we towelled off and were channelled into the cream application parlour.

Once again the Austrian woman bemoaned the Sunday rule on cream massages. The ultimate treat was to be placed on a warm bed in a darkened room, wrapped in a linen sheet and swathed in a blanket, mummy-style, where we dozed peacefully for a full half hour.

We retrieved our clothes and emerged, blinking, on to the streets of Baden-Baden wondering why it is that the British are so bashful about bathing and vowing to do it again soon – and often.

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TRAVEL

A jumble of land, sea and sky

Keith Wheatley visits a pony show in Connemara, one of the remotest regions of Ireland

Morchie Kneen was in a state of high excitement. A horse breeder and dealer needs sensitive antennae. Connemara ponies are not a commodity to be traded like pork bellies or soya futures.

Morchie had smoked out a more than promising stranger on the ropes of the show-ring: an Ohio businessman with a fat wallet and a need for new mares for a breeding programme.

Mind you, at an affair as intensely Irish as the Claddaghduff Pony Show, a well-heeled mid-westerner does tend to stand out in the crowd, despite this part of the west of Ireland being popular with European and transatlantic visitors.

They largely come for the

scenery and the hospitality of the numerous country house hotels rather than to observe the equestrian revels of the natives.

"We do get the real enthusiasts coming from abroad to buy their ponies. They still prefer an Irish-bred Connemara to one from their own countries, however good the bloodlines," confided Morchie, himself a visitor from the village of Cashel, several bays and promotionalists east of Claddaghduff. "But they mostly come to the big shows like Clifden in August."

Connemara's village pony shows are as different from a home counties gymkhana as it is possible to imagine.

Instead of well-bred gels with long vowels and even longer legs encased in skin-tight jodhpurs, there are stocky middle-aged men with barrel chests and soft voices who handle their foals as if they were premature babies.

"There's just a very few in it for the money, although a good three-year-old can make £5,000 or £6,000 in Germany," said Thomas Conneally as he led the young

stallion Ervelough Oscar from the ring.

"For the most of us, it's just a lovely hobby to breed the ponies. My father did before me. Although I've seven sons and all they're interested in is the wages at the end of the week."

Beneath the field where the show was under way, and visible from the windows of Sweeney's excellent pub-cum-post office, spread the sand beaches and inlets of Inish Bay. Connemara is a region where land, sea and sky jumble together.

When one of the frequent

misses rolls in from the Atlantic, leaving just a glimpse of Maumturk mountains, there is a feeling of utter remoteness.

To some extent, the Irish have encouraged this glorious inaccessibility. The smooth trunk roads and wide dual-carriageways funded by EU grants seem to end at Galway, the regional capital of the north-west.

From there on to smaller centres like Oughterard and Clifden, the highways become narrow and obscure. Of course, with the hedgerows bursting

with wild fuchsia, it would be a crime to hurry too much.

The Connemara National Park has an excellent visitor centre near Letterfrack. Besides a permanent exhibition on the Connemara landscape and indoor and outdoor picnic areas, there are regular guided walks and talks on weekdays in July and August, including one on the Connemara Pony. Other subjects include wild flowers and the Great Famine.

Nowhere is the sea very far from everyday life. As we left Claddaghduff, the tide was

ebbing to reveal the sand causeway to Orney Island, site of an 8th-century monastery. Conneally was old enough to remember pre-war pony races along the strand and huge crowds of punters gathering to back their favourites.

Later, at the hotel library, I discovered a 1936 account of a local race: "One rubbed shoulders with gentry, clergy, country shopkeepers, civic guards and peasants in soft hats. Their wives with vast tweed skirts and scarves could be seen alongside young society flappers with bobbed hair and lipsticked lips. When the racing was over, the tide obligingly came in and regattas were held."

■ Connemara Tourist Information, tel: 00 353 95 41117, fax: 00 353 95 41198.

Just another date with Destiny

John Gapper enjoys the slow pace and hospitality of Tobago, an island with charm to spare

By the waterfront at Scarborough, next to a cane juice stall, we had a date with Destiny. It was a typical Tobago encounter, as we were learning, commencing with a greeting, moving into unburied conversation, and culminating in an offer of home cooking and a cheap tour of the rainforest.

Destiny (aka Crackshot, aka Keith Waldron) was atypical in at least one respect. Tall and dreadlocked, his first request when he discovered we were British was Channel Four's fax number. He wanted to chase up the presenter Janet Street Porter, who had filmed him for a documentary.

Yet half an hour later, in his tin-roofed home, sipping a fruit juice and reading Keith's script for a film starring himself, it was life as usual. "We've got a little more time here, you know what I mean?" said the aspiring singer, who sells his tapes for \$10 on the island's beaches.

Four days after arriving in a late season storm, with the rows of coconut trees on abandoned plantations being tousled by the wind, we were getting the idea. All you need to enter a house in Tobago is to meet its owner

in the street and exchange a few words. A genial sales pitch follows.

The most obvious reason for Tobagonians to have time on their hands is the island's lack of industry compared with its near-neighbour Trinidad. Its inhabitants depend on the influx of tourists each season and most are eager to strike a deal with a visitor to earn some extra money.

Yet unlike some more northerly Caribbean islands, so used to mass tourism that the locals have become disenchanted with visitors, Tobagonians remain affable. All offers, including those made by the local men to women tourists sunbathing alone on beaches - are made courteously.

Our first introduction to this came from George, a 67-year-old taxi-driver who took us to the beach at Pigeon Point on our first day. He started driving after retiring from the police, and escapes such as hiding in a tree in the grounds of our hotel to catch a pair of local thieves.

George had first-hand experience of the lack of employment on Tobago. Five daughters and two sons had left home - three to take jobs in Britain and the US - and he was living alone in

Plymouth. His wife was shortly due to retire from teaching in Trinidad, where she had worked since 1957.

This left him with plenty of time to spare. One result was a tendency to drive extremely slowly, loping down to the beach at barely more than a walking pace. Another was a willingness to be called out at all hours of the day and night, offering running commentaries on island life.

How long such harmony lasts is another matter. Tobago is making more of an effort to sell itself these days. The locals are coming to see the potential of its tropical rainforest and white sand beaches. Direct flights

from the UK are starting to test the charms of what was a tourist backwater.

Tobago has plenty of charm to spare. Most hotels and night-life are confined to the north-east corner, by the Store Bay and Pigeon Point beaches. Yet by hiring a jeep for \$140 a week, one gets the run of the many crescent beaches fringed with palm trees, such as Englishman's Bay.

It is not very easy to get around. A two-lane highway by Scarborough on the south coast offers a rare chance to drive in comfort. Other roads are looped, potholed and full of sudden detours that can land one in the middle of territory from which it is hard to escape.

On the other hand, why do so? Tobago's back roads have many pleasures. One afternoon, we swam in the pool of Argyle Falls in the rainforest, and later ate shrimps and rice at a stall overlooking the beach at Speyside. Tobago offers many such opportunities to while away the time.

The more energetic can tramp through the rainforest itself. It can be hard going, but there are plenty of guides eager to lead visitors into the wilderness. As dusk falls, flowers and the bright plumage of birds are replaced by the glitter of fireflies and the whoop of tree frogs.

The simplest pleasure is to drive along back streets named after English towns. Each afternoon, bus stops throng with schoolchildren in bright uniforms, evoking an image from the past in the Britain from which Trinidad and Tobago finally gained their joint independence in 1962.

If schools and churches suggest a colonial timewarp,

Sunday School shows that something is going on beneath the surface. Sunday School is the name given to the jump-up - dance night - held each Sunday at Buccoo, an event that draws a crowd from all over the island.

At Sunday School, a dense crowd of teenagers sways to the reggae beat next to stalls serving crab and dumplings. On many backs are sports shirts emblazoned with the names of US sports teams, or the image of Michael Jordan of the Chicago Bulls. All feet are shod in branded sneakers.

There are other signs of a new world intruding. One evening we went with a friend to find the green coconuts with the sweetest milk.

We drove the back streets of Plymouth until our headlights illuminated a group of youths with whom we bargained for a while before striking a deal.

Ten minutes later, we handed over \$2 for an enormous sack of coconuts for which one of them had shinned up a tree. The boy was a "sprunger" we were told, local dialect for those who sell coconuts for the cash to buy drugs. In exchange for coconut milk, he could buy cocaine.

■ John Gapper flew to Tobago on Caledonian Airways and stayed at the Armas Vale Hotel, which is represented by Unique Hotels Caribbean in the UK. Tel: 01453 835801.

Spires and Spirits

Eminent and ethereal Lincoln cathedral

Adam Hopkins sings the praises of a medieval masterpiece

When it comes to Lincoln, you really have to start with the cathedral. There is no other way.

The topographical artist Samuel Buck put it almost in the sky, the point from which all else naturally flowed, in an elaborate etching in 1724. Thomas Girtin, watercolourist, popped it in the middle of his little painting round about 1785, before an early death removed his talent from the scene; and Turner of course put it in, too, in the upper portion of the middle, in a work of 1803 or thereabouts, with boat-builders in the foreground and a good deal of romantic elan overall.

L.S. Lowry pretended he was not going to, grumbling about "not doing another Turner", then he too put it in the centre of the skyline, even if only in ghostly outline.

Daniel Defore explains exactly why. "This Cathedral is in itself a noble structure," wrote the author of *Robinson Crusoe*. "Its situation indeed is infinitely more to advantage, than any Cathedral in England, for it stands upon an exceedingly high hill and is seen into five and six counties..." (Tour

Information

■ Adam Hopkins stayed at Brimston Hall Hotel, a one-fine Victorian mansion in the grounds, about four miles south east of the city. Tel: 01522-793305, double room £77.50 including VAT and a full breakfast.

■ All the paintings mentioned, and many other views of Lincoln, may be seen in the Usher Gallery, Lindum Road, on the slope below the cathedral.

■ For further information on the city, including weekend breaks, contact the tourist centre, 9 Castle Hill, Lincoln LN1 3AA. Tel: 01522-529828.

The lower half of the same front, as is the case with so many British cathedrals, is wrapped up in restorer's wood and plastic, will be for years. Curses, when it comes to photography.

But you can tell from my tone that these are merely the grumbles of one who is deeply satisfied.

It is lovely to potter about the cathedral exterior in Lincoln, lovely to potter about inside. In one window in the south transept, you can see King David faking madness.

In another, in the north transept - a second world war memorial window - a New Zealander stands in flying jacket, waiting to go on his mission.

And there is Sir Joseph Banks, in the same chapel, botanist and local hero who went to sea with Captain

Cook. At the back of the cathedral, paired with the king but looking away with a modest gesture, is a statue of Edward I's wife, Eleanor of Castile, who died after 13 pregnancies and 35 years of marriage.

"I have loved her tenderly while she was alive and I do not cease to love her now that she is dead," said the king, before removing her body to London, erecting a cross at each of the stations where the coffin rested. Only three survive; there is a bit of another, supposedly, a very nice half of a female form with flowing raiment, in Lincoln Castle, near the cathedral, built on the same hilltop, also by the Normans.

"That's what I like so much about Lincoln," says Rob Bradley, who works for the city's tourism depart-

ment. "It's not just one big thing; there is a little bit of almost everything that you can think of."

So indeed there is, from Stephen and Matilda, who battled over the castle, to John of Gaunt, who married Catherine Swynford there, so becoming Geoffrey Chaucer's brother-in-law, and Edward I and Eleanor and on to George III, whose first bout of madness was treated by a Dr Willis, whose own ground-breaking mental hospital, the Lawn - now part of a visitor centre - also stands on the hill, making a trio with Lincoln castle and the cathedral.

Almost the first fact that you have to grasp is that there are two very different Lincolns, virtually separate. One is at the bottom of the hill, where the River

Witham bellies out to form the natural lake of Brayford Pool. That is where the Celts settled, followed in due course by the working folk of the locality.

Their efforts eventually made lower Lincoln into a major engineering city, specialising in heavy agricultural machinery. It was they who built the first 200 tanks ever to see service, in the first world war. They were disguised during manufacture as "water-carriers for Mesopotamia" hence the name "tank". The key to the new war machine, of course, was the caterpillar track, already invented there pre-war, to cope with the heavy soils of Lincolnshire.

The lower part of town is a humdrum, friendly place, row on row of little brick houses, with warehouses

round Brayford pool and what still look like long low, engineering sheds. People wheel their bikes about, just as they do in L.S. Lowry's Lincoln picture. That is not all, for there, on Brayford, stands a new university, purpose-built, the country's first for many a year, opened in 1996. Universities mean students: students mean young life.

"You couldn't exactly say we are pickled in the past," a restaurant-owner told me. "We used to be, a bit. But now we are almost a happening kind of place."

For the present, most of the happening is at the bottom. As for the top, the Romans were the first to settle on the upper ridge, initially in a single small square, then pushing downhill, southwards to the river,

with a large outer precinct. You can find all kinds of Roman bits and pieces up round the cathedral, one gate still actually standing, although a lorry hit it, hard, back in the 1960s.

Astonishing photos of the event survive, the lorry deeply embedded in fallen masonry. There are Roman walls and the foundations of Roman water reservoirs. Dark cobbles mark the spots where the columns of the Roman basilica once stood, their remnants now left below ground. They run along Bailgate up past the castle, then disappear under the Baker's Oven and Ro's (sic) Marcel Lingerie.

What a pleasure, what a laugh it is. There are even, apparently, standing chunks of columns in the basement at no. 27 Bailgate (ring 542717 or 544390 for a special appointment to view).

Naturally, of course, the upper part of town was posh, for this was where the power - and the glory and the money - lay, under the Romans, Normans and the rest.

When the chaps from the War Office came from London to see the plans for the new tank, they saw them, naturally, not down in the factory but in a room on the first floor of the White Hart Hotel, right by the cathedral gates and still a most engaging establishment. And this is still where you go for the smart restaurants - the Jews House, Wig and Mitre and even Brown's Pie Shop, where Lawrence of Arabia lodged in the 1920s, lightly disguised as an aircraftman.

Plenty of everything, just as Rob Bradley says. And not forgetting the cathedral.

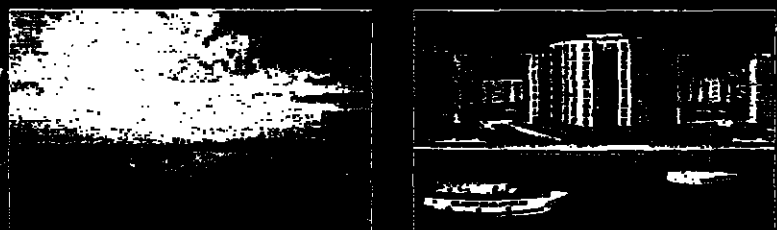


Lincoln: 'You simply cannot conceive of the beauty, indeed the nobility, of its situation'

Graig Evans

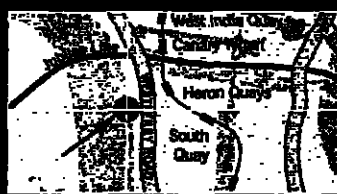
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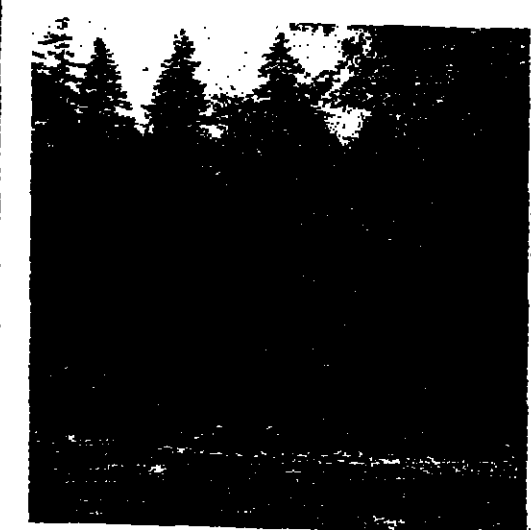
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For further information regarding the supplement, please contact the Property team:

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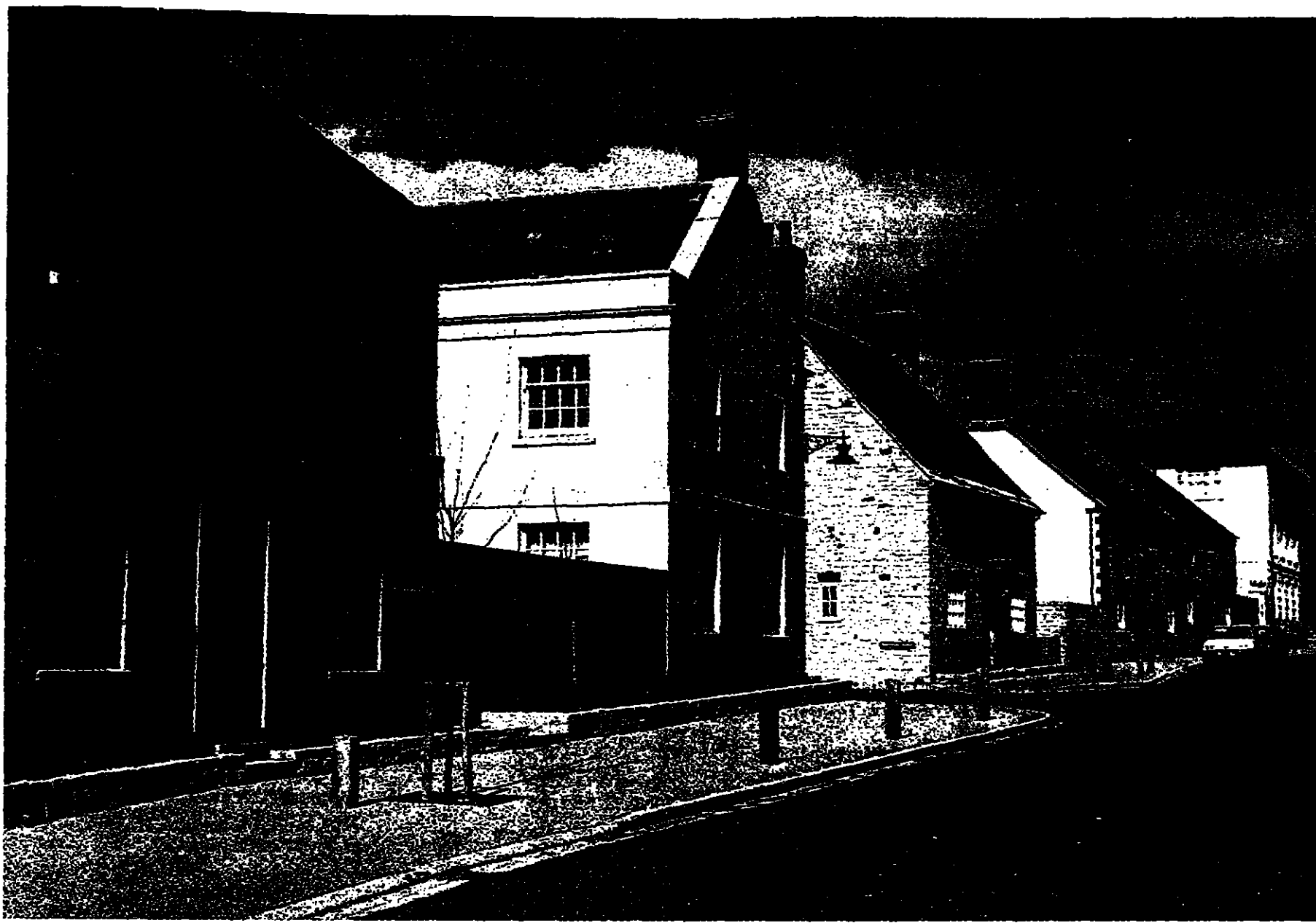
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New homes in Poundbury: houses open straight on to the street – the moment you leave the house you are again a member of the community

Picture: Duchy of Cornwall (photographer: Mark Fennell)

A village fit for a prince

Gerald Cadogan visits Poundbury and is won over by its sheer quality and sophisticated design

I arrived a sceptic at Poundbury, the village the Prince of Wales is creating on Duchy of Cornwall land outside Dorchester in Dorset. I left a convert.

Through its quiet sophistication and rare sense of scale, Poundbury leaves standing every other new homes scheme. I have seen.

Here at last is a development that puts into practice the ideas that environmentally concerned people value but usually do little about. And it shows they can work.

Poundbury is a mixed community of private and social housing – you cannot tell them apart – where residents can walk to work, as light industry is a big part of the plan. A sports ground, parks and foot and bicycle paths to prehistoric Maiden Castle, a mighty local landmark, make leisure another large element.

But the greatest impact, as Poundbury approaches critical mass four years after construction began, is in the quality and thoughtfulness of the overall design and detailing. It does not have hammerhead cul-de-sac road plans that maximise land use, nor tacked-on ornamentation, such as hung tiles or touches of half-timbering, so often used to differentiate one house in a scheme from its identical neighbour.

Instead, Poundbury offers excellent quality and unpretentious houses with the juxtaposed variety of sizes, roof levels, materials and styles

that are a mark of long-lived villages – and a comfort because they grow out of ordinary people's varying needs and not developers' or planners' regimentation.

And, in the old-fashioned way, the houses open straight on to the street, abolishing the front garden that is often used to park the car. A door on the street is a sharp frontier between public and private space, and ensures that the moment you leave the house you are again a member of the community.

Cars are parked at the back of the house in small tree-planted squares (or courtyards), planted with trees which are a brilliant feature of Leon Krier's overall design. Irregular in shape, they end in vanishing points where a lane or alley leaves the square, enticing one to explore around the corner.

There are chimneys too – they are for real fires or flues – and they make a big difference to the roofscape.

With its irregular street pattern, high walls where a garden meets the street, trees starting to overhang the walls, use of local materials known for centuries to withstand the weather, and the glorious lack of developers' futile decoration to compensate for inadequate design, Poundbury could be in France.

As it grows to more than 2,000 houses and adds 5,000 inhabitants to Dorchester, it will have a huge cumulative impact on how we should,



Poundbury – it leaves standing every other new homes scheme

and how we can afford to, mould rural and semi-rural communities in the UK as viable and civilised units.

Yet in national terms, the prices, ranging from £58,000 to £180,000 in the current phase, are mouthwatering, even if they are about 15 per cent above west Dorset norms, says development director, Andrew Hamilton.

Behind these higher prices are the extra building costs that arise through the Duchy's insistence on good detailing and use of the best materials, some of them recycled from redundant buildings in Dorchester.

To maintain quality control, the Duchy only assigns a freehold when the house is complete and the Duchy surveyors have approved it. Then the freehold goes

direct to the owner, with covenants on future management. "If the builders do not conform," says Hamilton, "we don't release the freehold."

The houses are, as one might expect, highly efficient in energy conservation – and well built. Recently, a system for recycling waste water was begun.

Poundbury has a lively residents' association. Of the 110 families who have so far moved in, 106 are full members. "We like it here," says chairman Peter Bryant. "We have a good mix, and what has been built is maturing sensibly."

Poundbury will take years to complete as market conditions govern its organic growth. But architects and planners flock to see it, and

it is already influencing housing, especially social housing, in west Dorset. In a small new scheme in the village of Cattistock, Poundbury-style thinking is clear in the uncluttered designs and varied roof lines that reflect the lie of the land.

Although Dorchester is one of the UK's smallest county towns, it is easy to trace its modest expansion. From a smart Georgian centre, the houses become Victorian, then Edwardian, then pre-war, until post-war council estates farther out show the individual alterations caused by the right-to-buy privatisations of the past 15 years.

After this display of building history, it is almost a shock to reach a roundabout and find, suddenly, the first houses and industrial units of Poundbury, on a tract of open land that runs up to the bypass.

This bypass is becoming Dorchester's new natural boundary and in the late 1980s, planners saw this land as the best site for expansion. So began a fruitful collaboration with the Duchy which owns the land of two farms – one called Poundbury.

Outline planning permission was granted in December 1991 in the depth of the property recession; building did not begin until autumn 1993. There are now 134 completed houses and all bar one have been sold, or are let as social housing by the Guinness Trust.

The unsold house has four

bedrooms and costs £128,000 – inquiries should be addressed to C.G. Fry, the builders. Work on the next phase of 62 homes starts early in the new year – inquiries to Connell estate agents.

The scheme has improved as it has gone along. The space allocated to car parking in the squares had been overestimated, now allowing back gardens to become larger. Soon, children will have a playground and pedestrian ways will open to adjacent housing estates.

There is already a minibus service to the centre of Dorchester and a park and ride scheme will follow. The chief need is for a shop, and Hamilton is seeking to arrange with the local Tesco supermarket for deliveries to be made to a collecting point in Poundbury – thus helping to reduce dependence on cars.

In the meantime, companies are moving into the industrial units. Poundbury is an exciting project. Early critics who dismissed it as "Noddy-land housing" missed the point. The houses are just part of the mixture which sets out to create an integrated community life, free from the sterility of rigid zoning.

Supporting this is good, honest design, in every detail from the street lettering to the sense of belonging the small squares foster, and the fun of constant changes from narrow to broad spaces. ■ Connell: 01305-266755; C.G. Fry, 01305-482545.

On the Move
The dining room is dying out

Anne Spackman finds lifestyle changes have killed off demand for a formal eating room

Where will you be eating Christmas dinner this year? If the answer is "in the dining room, under the gaze of your ancestors", it seems you might be one of a dying species.

According to the UK's most upmarket estate agents, the death knell has been sounded for the traditional dining room, even among the country house fraternity. Savills and Knight Frank report that home owners are more interested in large family/kitchen/eating rooms, playrooms and home offices, than in having a formal place to eat.

For 364 days of the year that is fine. But what happens at Christmas, the one remaining ritual feast in the British calendar?

Some families may find that the playroom/office can be converted for a day, with the computer desk turned into a sideboard and the homework table turned into a dining table. Some may feel that with sufficiently imaginative dressing the kitchen is festive enough.

In other families, it may serve as an excuse for reopening old arguments about how to use the second reception room. Men, it seems, tend to prefer a formal dining room, whereas women prefer open-plan. (This may have something to do with who does most of the cooking.)

It seems the wives are winning the argument. Richard Addington of Knight Frank's Exeter office, reports that demand for dining rooms has all but died. "Almost everyone is looking for a large eat-in family kitchen," he says. "Lifestyles have changed. The numbers working from

home have created a different need for this space. The dining room is dead; long live the kitchen."

Burn your bonus beside the sea

If you bought the new family house with last year's bonus and this year's is burning a hole in your pocket, here are a couple of property thoughts on how to spend it.

If you like the sun, you could buy Villa Mariposa in one of the best locations in the south of France – on the west side of Cap Ferrat, overlooking Villefranche bay. Unlike many properties in the area, the villa is a home, rather than a showbiz palace.

It has open-plan living rooms, with a summer dining terrace, four bedrooms in the main house, a two-bedroom guest house and staff accommodation. The terraced gardens are richly planted, and include a heated swimming pool overlooking the sea. The asking price from agents Knight Frank (0171-629 5171) is £725,000 (£2.8m).

If you like your sea a little wilder, there is Huclecote, a wooded craft at Glasnagilly on the Isle of Skye. The white-washed three-bedroom cottage has a south-facing garden in 15 acres, with carpets of bluebells (in spring) leading down to the sea. It fronts the shore of Loch Slapin, with views over the islands of Rum, Muck, Eigg and Canna. It is "reluctantly" being sold through in the Sticks, an agent which specialises in remote country properties, with an asking price of £115,000. For further details, call 01474-952316 or in the Sticks on 01434-381404.



My Other House is...

A £20,000 des res for dolls

In 1978, at the age of 23, Simon Herriage bought Island Hall in the village of Godmanchester, near Huntingdon. The Grade II listed Georgian house had been used as 16 flats before being gutted by fire. He paid £23,000 for the derelict building and restored it, with help from English Heritage's predecessor.

When he sold Island Hall, he loved the place so much he had a replica built as a doll's house – and is now selling that for almost as much as he paid for the original.

"Restoring Island Hall was the biggest project of my life. It was all-consuming. It takes such a lot out of you physically and emotionally. When I bought it, I could stand in one of the cellars and look up to the sky. When it was finished, I opened it to the public.

"It was a wonderful house. I gave a masked ball there for my younger brother when he was 18. But I was living there alone and you rattle around in such a big property. Sunday nights

were very quiet. I sold it to come back to London and get married.

"But I needed to have a reminder of it. I commissioned Hamilton Hastings to build a replica of the east side of the main house. It took him as long to make it as it took me to create the real one.

"The lay-out is the same as the real house, except that the kitchen has been moved. There are nurseries on the top floor, as there would have been originally, and the piano nobile on the first floor.

"I did all the work on the real house myself, but the making of the doll's house would have bored me. I'm an interior designer, so it is the decoration which gives me the thrill. I did it for sheer pleasure. Everybody loves something in miniature.

"I chose classic Georgian colours for the doll's house. The pale yellow came from an incident while I was rebuilding the house. As I was shovelling up some rubble, I saw a child who I thought must be from the

house next door. When I came back from dumping the rubble, she had gone. Nobody knew who she was. I painted the hall in yellow to match the colour of her dress.

"The Gothic cornice and some of the chimney pieces and over-mantels are not from the original, but the

"There is a lot of people could add to it. There is only one doll for a start!"

dado rails and architraves are as they would have been. All the furniture is exactly made to the proper doll's house scale of one-twelfth. These are perfect copies of period pieces. The real collectors go around with little steel scale-rules in their pockets to check the measurements. I have one myself.

"It's hard to explain how exquisite the pieces are. There is a table in walnut, with brass fish legs and a perfect flower arrangement made out of paper and silk. There is a fretwork shelf on one of the bedroom walls, with porcelain cups and saucers. In the card room, the work table has a walnut top, cross-banded in mahogany, with pale wood lining in the drawers. The clawed feet are cast in brass.

"The lacquer dressing table was done by a professional restorer of lacquer. There are lacquered coat hangers in the wardrobe. Some of the rugs are made of woven silk. The geyser in the kitchen is of real copper and the range is made from cast iron.

"I made the four-poster bed in the card room myself. It's got a proper ticking mattress and the sheets are properly made. I used 18th century silk because it's very fine.

"I don't play with it, as such. Mainly, I enjoy moving around the furniture and collecting all the pieces.

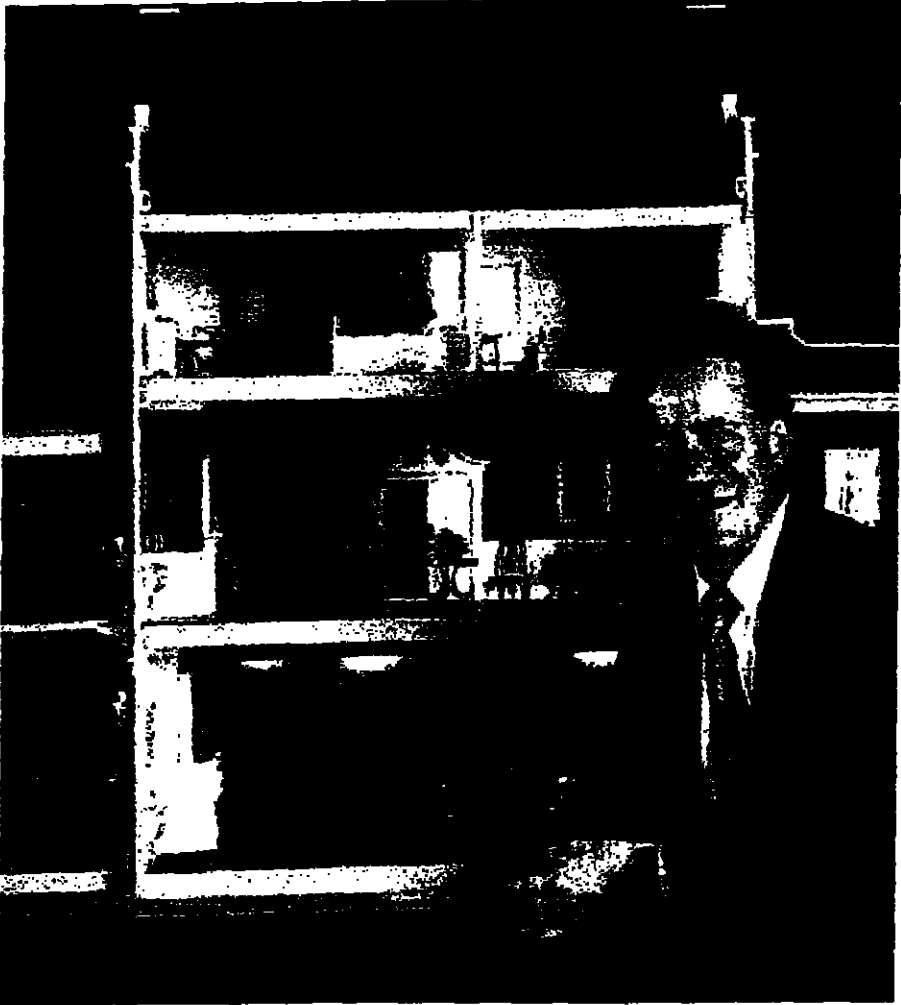
"You'd be amazed how many men are involved with doll's houses. There are some specialists such as Geoffrey Wonnacott, who made some of the furniture, such as the Carlton House desk, and John Hodgson, who made the giltwork mirror and torchères. Luckily, my wife adores it. She is a jeweller, so she appreciates the craftsmanship.

"The house is 6ft wide and nearly 5ft high. I used to keep it at my parents' house in the country. Now my mother lives in a small flat in Knightsbridge and I live in London, so there is nowhere for it to go and I have to sell it. There is a good deal people could add to it. There is only one doll, for a start!

"I've already commissioned another one. But it will have to be a more manageable size."

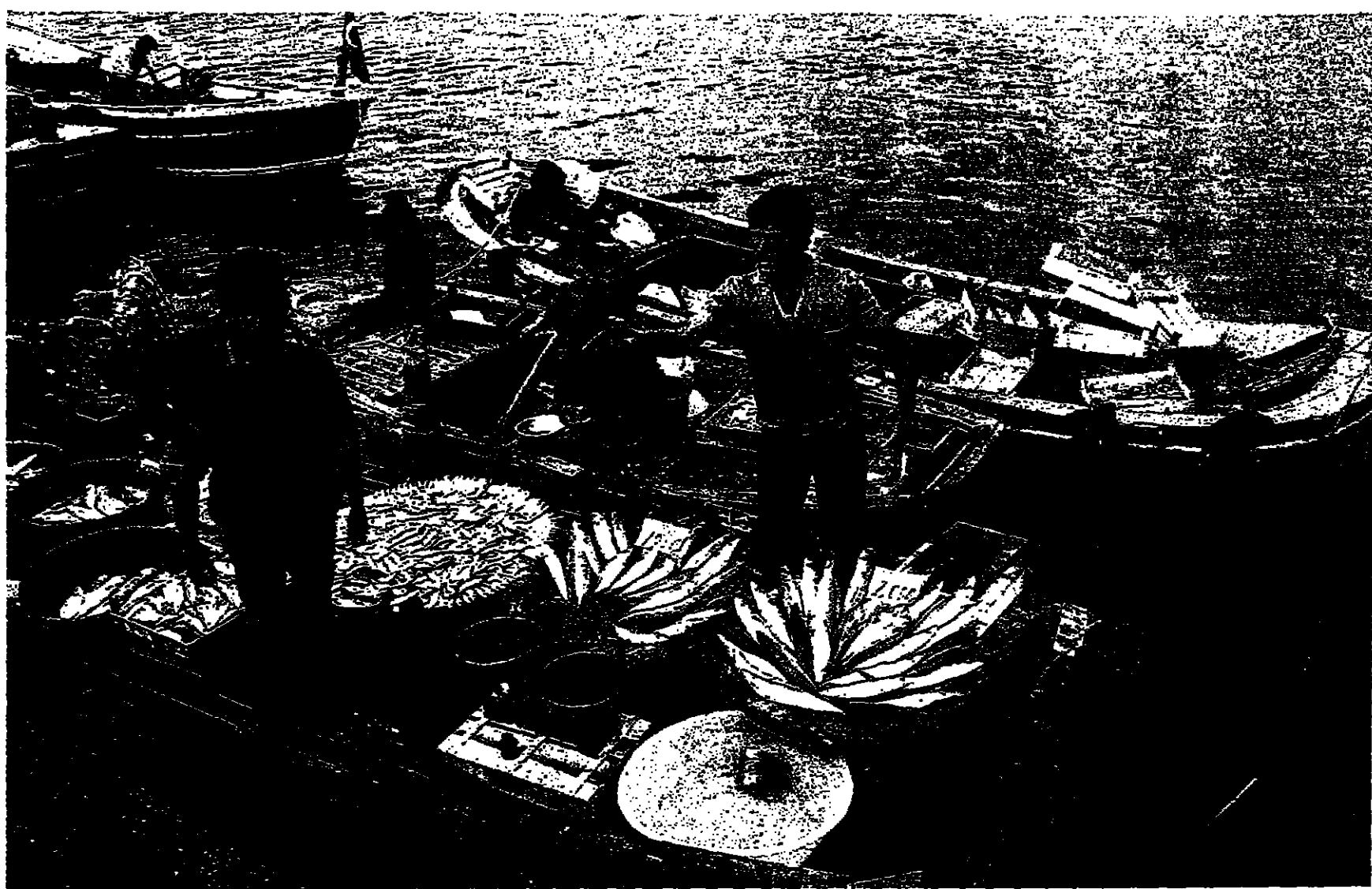
■ Simon Herriage's doll's house is being sold by Savills in Sloane Street (0171-730 0222) with an asking price of £20,000.

Anne Spackman



Simon Herriage: he loved Island Hall so much he had a replica built

FOOD AND DRINK



Fish for sale in Istanbul: 'How, in heaven's name, do you get stuffing inside a mussel?'

Real Turkey at any time

Nicholas Woodsworth finds that his interest in food overcomes most barriers

It is the middle of the afternoon on the Bosphorus, and the position of the warm sun precisely indicates that we are at the dead, most listless point of the day - the sense of contented well-being produced by a good lunch is fading and a wakening interest in dinner has yet to show itself.

Sarıyer

Trusting guidebook in hand, I am sitting a foot from the edge of the quay in the fishing port of Sarıyer and contemplating the meaning of the Turkish word *keşf*.

My guidebook may not be so trustworthy after all. "Order a tiny, tulip-shaped glass of heavy Turkish tea," it advises. "Enjoy the pleasant surroundings, think over the day's good times, and let it all come together: that's *keşf*."

But what, I wonder, does the word actually mean? "There is no adequate translation," my guide comments. "Pleasure, contentment, positive outlook, relaxation? It is all part of a normal day in Turkey."

That is all very well, I protest silently, but more than a little vague. At the same time I order tea from a waiter circulating between the quayside tables of drowsy, whiskery, head-fumbling Turks. It arrives as promised, in a tiny tulip-shaped glass, strong, milky and hearty.

I sit and watch fishing boats, waiters wrestling live Black Sea turbot into nearby restaurant tanks, berry-brown men repairing nets in the sun. I am always happy sitting at a table where people are preparing, talking about or - best of all - eating food. But is that *keşf*? It is a question, I decide, that will take some mulling over.

Cicik Pasajı

An evening or two later I meet a florid-faced gentleman in the

Cicik Pasajı, or Flower Passage, deep in the bustling, clamorous heart of Istanbul. It is a narrow, stone-tiled covered alley that shelters a flower market, a fish market, and shops selling meat, vegetables, spices and kitchen goods. It also harbours a dozen small, packed eating places. My new acquaintance, installed with a bottle of *raki* and a bowl of crunchy chick-peas at a table in front of one of them, tells me he has sat here every night for the past nine years.

What better recommendation can an establishment have? Inside the Kime Restaurant nothing, not even my ancient, staggering waiter, seems to have changed since the 1930s. Under a portrait of Kemal Atatürk, four lugubrious-looking musicians play Turkish laments in sad, minor oriental chords. Vast trays of *mezza*, the hors d'oeuvres of the Levant, circulate for diners to choose from.

I pick a wonderfully smoky-tasting aubergine purée, creamy yoghurt spiced with dill and garlic, vine leaves stuffed with minced lamb, small deep-fried pastries filled with cheese and parsley.

Calamari follows. So too, of course, do several glasses of potent, aniseed-flavoured *raki*, sufficient as the evening progresses to make the music accompanying the meal sound as sad and sweet as any I have heard.

Mustaphapasha

You do not even need a table to enjoy food in Turkey. Just outside the railway station of Mustaphapasha, a working-class seaside quarter of Istanbul, I discover a sidewalk stall selling mussels. Some are skewered, dipped in batter, and then deep-fried. Others, neatly stacked on a vast circular tray, remain in the shell; when opened, they reveal bivalves engorged with spiced

rice. How, in heaven's name, do you get stuffing inside a mussel? To me it remains an impenetrable but delicious mystery.

A few steps further on from the station lies the Kuleli Restaurant. Inside, the place is jammed, and I seat myself beside a lone Turk silently eating small fried fish. We smile but say not a word to each other.

I begin with *pilaki*, white beans and onions in a mild vinegar pickle. Suddenly, however, looking down, I discover one of my neighbour's fried fish on my plate. It is a gesture of friendship. In no time we are downing glasses of *raki*, ordering plates of this and that together, and showing each other, with the simplest,

I sit and sip and, like the men in the baggy suits, watch life go by in the street

child-like words and gestures, how much we enjoy eating and talking. Food, I am shown yet once again, surmounts even the highest of barriers.

Eyup

I have spent most of the morning visiting the tomb of Eyup Sultan, a popular pilgrimage site at the end of the Golden Horn, and am dying for a little refreshment.

Wandering just a few yards from the hectic and noisy mosque area, I abruptly find myself in rural Turkey. Here is a quiet, dusty street of crumbling old wooden houses, shady trees overhanging an outdoor fruit market, and the Yavuz Cay Evi, a tea house full of polite and talk-

ative old gentlemen in worn, baggy suits.

They make a place for me on a terrace shaded from the hot sun by a thick, over-hanging grape arbour. A three-wheeled trolley loaded with doughnut-shaped rounds of sesame seed-topped bread stops; its owner makes the rounds of the tea-shop tables, his wares suspended like curtain rings on a long, thin stick.

As I make quick work of one of these rings, finely ground coffee is heated with sugar and water in a small long-handled pot. Three times it comes to the boil and three times it is removed from the heat before finally it is poured into a tiny cup.

I sit and sip, and, like the men in the baggy suits, watch life go by in the street. It is only on swallowing a thick layer of grounds in the bottom of my cup that I come out of my slow daze. The pace of Turkish village life, I decide, may be just the one I have been looking for.

Hoja Pasha Mosque

The big-city rhythms of Istanbul, on the other hand, also have their attractions. I enjoy eating dinners near the Hoja Pasha mosque in Eminönü, a major transport terminus. Here every day tens of thousands of commuters disembark from trains and buses and ferry-boats and pound the streets on their way to work.

Late at night, however, the quarter empties and locals take over the streets for their own relaxation. From my seat in the Kasap Osman kebab house, I divide my attention between my dinner and the goings-on outside. I am eating an Adana kebab, a spicy, fiery-hot regional speciality of grilled meat and hot peppers from south-eastern Turkey. It is, to say the least, a lively dish. But the street is lively, too.

Outside on the sidewalk the local grocer has booked up a tele-

vision next to a head-high pile of watermelons; on the sidewalk on the opposite side of the street, he and half the neighbourhood children have set out old chairs and up-ended fruit crates.

Inveterate snackers, they munch their way through fistfuls of pistachios, hazel nuts, walnuts, dried figs and sunflower seeds as they watch a Turkish soap opera. The street is a battle-ground, thick with discarded shells. It looks like more fun than eating popcorn at the cinema.

Alli Pasha Nargile Salonu

My last night in Istanbul finds me in a *nargile salonu*, or water pipe salon. This is no place for the timid smoker; in a great, domed, stone kiosk each client sits with a bubbling hookah, its long, hose-like stem stuck in his mouth, producing thick, billowing clouds of aromatic Turkish tobacco smoke. It may not be good for health, but it is wonderful for narcotic reflection.

Once again I order a strong, hearty glass of tea. The waiter brings it and places a large glowing coal on the plug of tobacco in my pipe. I sip and puff and once again address the challenging question of *keşf*.

In truth, I have been so busy enjoying myself I have stopped asking what the word means. Eating is much more than simply the food you consume. It is the company you dine with, the surroundings you are in, the state of mind you bring to the table. In Turkey, where food and drink rank among the main pleasures of life, all these elements combine to extraordinary effect. This, it seems obvious now, must be one of *keşf*'s happiest domains.

Nicholas Woodsworth's stay in Turkey was organised by Turkish holiday specialists Simply Turkey, Chiswick Gate, 938-938 Chiswick High Road, London W4 5RT. Tel: 0181-747 1011.

Appetisers

A tribute to the olive

In that quiet period for chefs between Christmas and New Year professional and amateur alike will be fascinated by *Olive, the life and love of a noble fruit*, the latest book by Mort Rosenblum (Absolute Press, 320 pages, £14.95) who settled in Provence in 1988 on a farm with 150 neglected olive trees. A highly engaging blend of history, cooking and travel, this book is a fascinating tribute to the olive's life-enriching properties.

London's Halkin hotel is renaming its restaurant Stefano

Cavallini Restaurant at the Halkin in order to give its chef more recognition, it says. A fashionable move, this. Cavallini styles his cooking "la cucina essenziale". It is characterised by a certain lightness of touch and an avoidance of cream and heavy sauces - and he has won a Michelin star for his efforts. A three-course set lunch for £25

has been introduced but expect to pay around £40 to £45 a head *à la carte*. The well-regarded wine list contains 400 fine Italian wines. Tel: 0171-333 1234, fax 1100.

A gleam of hope in the battle against the big battalions from beer writer Roger Protz, who has just released the fifth edition of

his *Real Ale Almanac* (£7.99, Neil Wilson Publishing, 314 pages). Two years ago, says Protz, his research indicated that a core of 750 real ales was commercially available in the UK - now it exceeds 1,000. He adds: "It is heartening to note that production of real ale is increasing throughout the UK despite the brewers' best efforts

to have the public weaned on to nitro keg beers." Hooray.

Last-minute Channel shoppers may be interested in *Millie Vignes*, a British independent wine shop in Wimereux near Boulogne, owned by London silversmith Grant McDonald. In the latest *Channel Hoppers Guide*, *Millie Vignes* is winner of the Best Cross Channel Wine Outlet, and Best Cross Channel Red and White awards. *Millie Vignes*, 90-94 Rue Carnot, 62390 Wimereux. Tel: 00 33 (0)3 21 32 60 13 or fax 32 56 37.

Cookery

A festive and homely fishy fume

Philippa Davenport opts for a truly British classic on a special night

Even if fish shops in the UK open their doors between Christmas and the new year, not many boats are likely to put out to sea then, and the weather has a habit of ruffling British waters following the turn of the year. So now may be the last chance for a while to tuck into top quality fresh fish.

Here are a couple of suggestions for making the most of it before the traditional 12-day marathon of meat and sweet eating Christmas indulgence gets seriously under way.

JERUSALEM TART WITH SCALLOPS AND BACON

(serves 6)

Nutty tasting Jerusalem artichokes and delicately sweet scallops go beautifully together, but this tart also goes well on its own as a preface to, or as an accompaniment to, cold Christmas turkey and ham. Vegetarians may enjoy the tart scattered with a handful of flaked (or nibbed) and toasted almonds instead. The tart looks best if made in a 20cm *moule manique* - a fluted flan tin that is 4.5cm deep and measures 18cm-20cm across the top. Most of the preparations can be done well ahead.

9-12 scallops (depending on size); 125g-150g very thinly cut streaky bacon (ask your grocer or butcher to set the blade to no. 2 on the slicing machine); 225g-250g trimmed weight Jerusalem artichokes (allow 300g when buying at the greengrocers); a sliver of garlic; 300 ml whipping cream (or 1 x 284 ml tub of whipping cream plus 1 tablespoon milk); 1 large egg plus 2 egg yolks; 15g flat-leaf parsley; 2 tablespoons freshly grated Parmigiano cheese.

For the pastry: 150g plain household flour; 65g unsalted butter; 30g Parmigiano cheese; sweet paprika and cayenne; 1 egg yolk (optional). Grate the Parmigiano finely for the pastry. Stir it into the flour with a seasoning of salt, paprika and cayenne. Cut then rub in the butter and bind with 2 tablespoons cold water (or the egg yolk plus a drop of water).

Wrap and chill the pastry for 30 minutes before using it to line the tin. Prick the pastry base and cover the sides with foil to protect against burning during baking. Chill for 30 minutes more before blind-baking for 20 minutes or so on a hot baking sheet at 190°C (375°F) gas mark 5. Remove the foil for the last few minutes to firm up and colour the pastry rim, and brush the pastry base with a little raw egg white to seal the surface and so prevent the filling from making it soggy.

For the filling, trim the artichokes of tough whiskers and any wounds inflicted in digging them up, scrub them well (there is no need to peel them), slice and cook them in the cream with the saucepan lid askew.

When perfectly tender, strain off and reserve the liquor. Whizz the solids with the parsley to a green flecked purée. Stir in the can skinning, boning and flaking the haddock, and chopping parsley. The oysters are best shucked, their flesh chopped into halves and their juices strained, within an hour of eating.

Shortly before serving, discard the bay leaves, add the flaked finnan to the soup pan and reheat gently, stirring every now and then. Thinly slice the oyster juices (the juices can be boiled first in a separate pan to reduce them if you want their savour but not the full volume) and season with plenty of pepper, plus some salt if the soup needs it. Finally, stir in the oysters and parsley, cover the pan, switch off the heat and let the skink stand for 5 minutes to just set the oysters before serving.

CULLEN SKINK WITH OYSTERS

(serves 4 or more)

Cullen is a small port on the Moray Firth, traditional home of this fish soup-cum-stew. The classic dish uses mashed potatoes and onions. I prefer chunks of potato and leeks, and for this festive version I have added oysters, an idea inspired by an exquisitely delicate barley broth with smoked haddock and oysters served by Phil Vickery of The Castle Hotel, Taunton. I shall probably serve this for a simple homely supper on Christmas Eve, with salad and cheese and mince pies to follow.



1 kg finnan haddock (or 500g undyed smoked haddock fillets - but fish on the bone will produce a richer flavoured soup); 1-2 dozen oysters; 500g floury potatoes; 150g trimmed weight leeks (tender green parts as well as white); 1 litre Jersey or other rich (gold top) milk; 50g butter; 3 bay leaves; a bunch of flat-leaf parsley.

Put the fish into a saucepan with the bay leaves, milk and 250ml cold water. Bring very slowly to simmering point, cover and set aside for 8 minutes. Meanwhile chop the cleaned and trimmed leeks into 3cm lengths; peel the potatoes, dice half to two-thirds of them, grate the rest coarsely. Melt the butter in a soup-pan and stir the vegetables with the fat, stirring and turning them frequently to prevent sticking.

Lift the finnan out of its liquor and set it aside in a covered bowl to cool without drying out. Pour the fishy haddock liquor into the soup pan and bring to simmering point stirring all the while.

Half-cover and cook gently, stirring occasionally, for 10-15 minutes until most of the grated potato has disintegrated, thickening the liquid to a cream, and the rest of the vegetables are nearly tender. (Everything up to this stage can be done well ahead, as can skinning, boning and flaking the haddock, and chopping parsley. The oysters are best shucked, their flesh chopped into halves and their juices strained, within an hour of eating.)

Shortly before serving, discard the bay leaves, add the flaked finnan to the soup pan and reheat gently, stirring every now and then. Thinly slice the oyster juices (the juices can be boiled first in a separate pan to reduce them if you want their savour but not the full volume) and season with plenty of pepper, plus some salt if the soup needs it. Finally, stir in the oysters and parsley, cover the pan, switch off the heat and let the skink stand for 5 minutes to just set the oysters before serving.

Readers and their food fantasies

Dub of dodo, urethra of unicorn, monkey brain sushi were just three dishes I have been "sampling" vicariously via the many readers' entries for our FT fantasy dinner which have taken place in dining rooms in Miami, Florida; Christ's College, Cambridge; Georgian Dublin; 13

Lincoln's Inn Fields, London, built by Sir John Soane in 1812; and a trip to Heaven.

It was a classical scholar and biblical archaeologist who requested the dodo and unicorn having begun with manna, gathered in Sin and canned in Hell, as an *amuse-gueule*.

A reader of energetic temperament requested a pack of six ice lollies to be frozen from vintage Dom Perignon champagne and to be consumed on a 415-mile journey to the North Pole.

A patriotic Scot began in Carnoustie and finished in Suffolk with an enviable list of chefs - Patrick Gailbaud from Dublin.

Joel Antunes now at the Ritz-Carlton, Atlanta, and Gordon Ramsay from London's Aubergine. Another reader requested a meal cooked by Della Smith and Rick Stein with Smith's mother-in-law's tart tatin as dessert.

His finale was to go to Heaven to drink a bottle of Chateau Rayas over cheese with his late proprietor, Jacques Reynaud, and watch Scotland win the World Cup.

Memories played a significant part. One took me lyrically around provincial France, beginning in Bergerac and ending at the Hotel Atlantic, Wimereux. An Irishwoman, resident in Lon-

don, recreated a Georgian dinner, complete with horse-drawn carriage and Irish wolfhound at Doneraile Court, County Cork, resplendent with furniture and paintings collected by her late cousin, Myrtle Allen from Ballymaloe House, Co Cork, would be a carriage topped with whipped cream and coffee sauce strongly laced with whiskey, her childhood favourite.

Several readers requested trips to Le Gavroche with one running up a £27,000 bill with some fabulous wines and, dangerously, a main course of rib of beef.

A dutiful son and proud father

in Japan disclosed that his fantasy dinner centred on bottles of Chateau Latour 1971 and Vins de Romanée 1972 bought for his daughters' weddings and a bottle of 1921 Chateau d'Yquem, the year of birth of his diabetic mother. This wine, at £1,000 a bottle retail in London, could not, he said, be found in Tokyo so part of the £13,000 would be spent on flying to find it.

A former undergraduate at Christ's College, Cambridge, now a banker, took five friends back to the college's Combination Room and brought in London's Sally Clarke to cook. Wines included two magnums of

Chateau 1945 Mouton Rothschild at £15,000 and a bottle of 1955 Taylor's port which now costs £200 a bottle but which he had bought as a student for £5.

The biggest bill, for four, came to £230,000 or £27,500 per person. The reader's five-course meal consisted of sashimi of scallops, tuna and wild salmon; a degustation of foie gras; roast partridge; cheeses and Marco Pierre White's Le Pyramide dessert. Eaten at restaurants in London, Courchevel and Barcelona, the main course wine would be a Jeroboam (six bottles) of Mouton Rothschild 1945 that would break the price barrier. One sold

at Christie's in September for \$55,000.

The prize of dinner for two at Le Gavroche has been won by a reader in Bedford about to buy his first family house.

His fantasy meal, as they turn the key in their new empty house, would involve finding a magnum of Roederer Cristal 1989 with foie gras on a packing case. Miraculously, they moved around the house they would find different wines and courses and at each course the decor would be finished to their own specification. The champagne produces a new fireplace; Bonneau de Martray Corton Charlemagne 1992 a patio window and jasmine scented garden and so on.

Nicholas Lander

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FOOD AND DRINK

Champagne: is it possible that supplies will dry up?

Although there is no short-term worry over our favourite fizz, there are long-term problems, says Nicholas Faith

Champagne lovers should beware of a coming shortage of their favourite drink, as the members of the champagne community agonise how far they can extend their region without changing, diluting or degrading the character of their cherished fizz.

In the short term - in spite of attempts by sundry interested parties in the UK to cause a panic - there will be plenty to celebrate the millennium, which the producers recognise as a golden opportunity years ago.

The Champenois, a hard-headed bunch, reckon that not only will consumption increase by 30 per cent, but that drinkers will move up a level, to the great benefit of producers of what the Americans call "real imported French champagne".

As a result, and even though there is still a long way to go before the great day - or rather the great night - 37 champagne companies have already launched special cuvées to help partygoers.

The stampede was triggered by Roederer's hugely successful offer of 2,000 individually numbered methuselahs of "Collection 2000" (1990 Cristal to the ignorant).

Roederer has been followed by a number of big companies such as Perrier Jouët, with 2,000 jereboams of "Reserve Belle Epoque", which will cost around £1,000 apiece, Moët with 1993 jereboams of Dom Pérignon 1993, and Pol Roger with 1,000 examples of its Winston Churchill 1989 - also in jereboams, a favourite size for the magic moment.

Smaller houses have refused to leave the market to their bigger brethren and have been much more ingenious in devising names for their offerings. From Cattier comes a cuvée "Millennium". Not to be outdone, Mailly Champagne is offering a blend of the wines of 1980 and 1992 called "l'Intemporelle", while Jackie Charlier has a cuvée "Troisième Millénaire" from the 1995 vintage - one favoured by many smaller firms.

Perhaps Veuve Clicquot has done the most to satisfy drinkers' thirsts for that fateful night with its special cuvée Trillemium, from the rich 1989 vintage, as well as reinforcements from the 1988 vintage reserve and the 1986 rosé. Serious thirst quenchers those.

The producers are expecting a long hangover after 2000 (apart from the pedantic few who will be celebrating on the night of December 31, 2000) but a serious drought is likely before the end of the first decade of the next century. It seems inevitable that by the second decade of the 21st century the real stuff will be even more of a luxury than it is today.

The reason is simplicity itself: the relatively limited size of the vineyards which can produce the

right sort of acid and fruity grapes which alone can produce champagne.

This idea seems inherently ridiculous if one merely glances at the map of the region. Champagne is produced on a scatter of slopes over a vast area, 150km from north to south from Cornilly 15km north of Reims to les Riceys, three enchanting villages south of Troyes. The same span of 150km covers vines from east to west, taking in vines a few kilometres east of Eurodisney in the west to Colomby-les-Deux-Eglises, home and shrine of General de Gaulle to the east.

The enormous gaps between the slopes, notably between the Aube east of Troyes and the rest of the vineyard 80km to the north, show clearly the nature of the problem.

Champagne is so northerly a vineyard that the grapes can be grown only on south or east facing slopes, not only to catch the sun but also, crucially, to escape

the wet, cold, west winds of winter - and even then they rarely ripen sufficiently to make satisfactory still wine. Moreover, the slopes should be chalky - and already the vines are planted on slopes with little chalk on them.

So the Champenois dilemma is simplicity itself: at the moment the 250m bottles they sell account for only one in 14 of all the bottles of sparkling wine sold in the world.

The total is growing: can the Champenois keep pace? And, even if they can, should they try, given the enormous, and generally successful, efforts they have made over the past decade to improve the quality of their wines, efforts which have inevitably included restrictions on the quantity of wine that can be produced from each hectare of vines?

The Champenois have 31,000 hectares of wine in production. This is 500 more than it was in the early 1980s before a 10-year programme to plant 500 additional hectares a year was approved. Now that these vines are contributing, production is likely to fall slightly as older vines are dug up, a process deferred over the past few years.

In theory, because of the way the appellation is currently defined, 3,000 more hectares could be planted, but many of

these plots are already under concrete, or they are now cemeteries, and most of the rest consist of marginal plots, frost-ridden and inaccessible slopes near the woods which top so many of the cotes on which the region's vines are planted.

Of course, say the cynics, the Champenois could easily increase production, and not only because in the late 19th century before phylloxera struck there were 60,000 hectares producing wine entitled to the precious name. When the appellation was defined - in 1927 at a time when the scientific definition of *terroir* was less advanced than it is today - grapes were such an unprofitable crop that a number of municipalities refused to participate.

Indeed, informal expert opinions suggest that there are 3,000 more hectares of suitable south-facing chalky slopes available for expansion. But from these should be subtracted about 1,000 hectares which enjoy the appellation but which will never be able to produce wine worthy of the name champagne.

In any case, awarding ordinary agricultural land the appellation would mean an instant profit of around FF600,000 a hectare for the lucky owners. Even the extra 3,000 would not satisfy demand for more than a decade or so.

The only alternative then would be to allow less ideal *terroirs* to produce champagne - and there are those who say that the additional 5,000 hectares planted in the 1980s included some marginal *terroirs*.

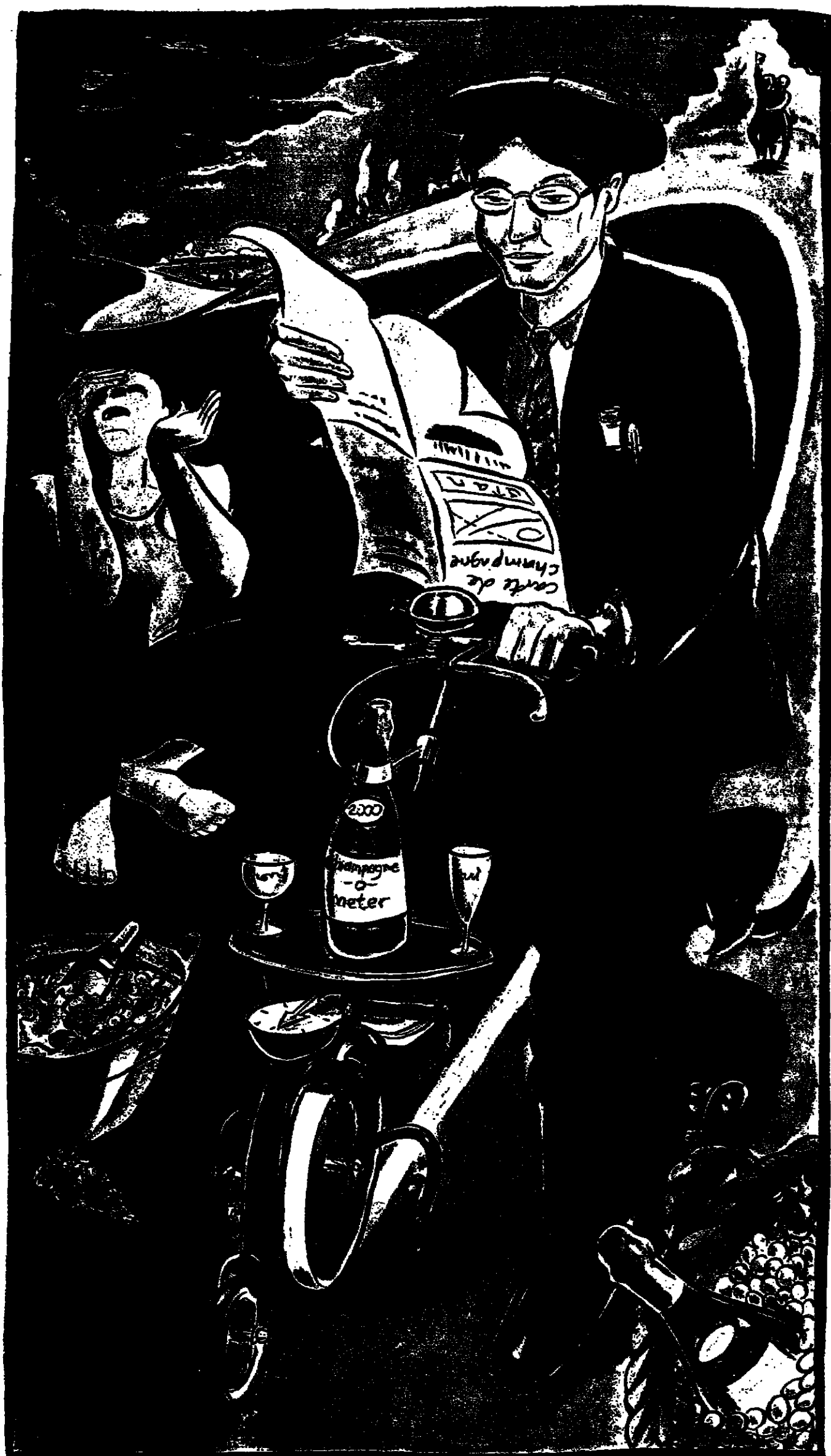
Any major increase in the area planted would mean altering the very character of champagne because so high a proportion of the new vineyard would be in the Aube, 100km south of Epernay, which now accounts for a fifth of production.

Although the Aube - recently divided into two regions, Bar-sur-Aube and Bar-sur-Seine - is producing increasingly fine wines, they tend to be richer, more Burgundian, than those produced further north (not surprisingly since the Aube is closer to the Côte d'Or than to the historic heart of Champagne).

To help square this particular circle, the Comité Interprofessionnel des Vins de Champagne, which brings growers and merchants together, is conducting what must amount to the most sophisticated research in the history of any French region, one designed to pin down that most elusive and French of concepts, *terroir*.

They are analysing the whole region - taking in the historic knowledge of which plots produce what. Every possible aspect is being taken into account, from geologists, geographers, morphologists, pedologists and meteorologists to work together as never before.

Champagne has been divided into 20 sub-regions and the



research is being conducted at the level of the individual parcels of vines, involving tens of thousands of samples of soils, subsoils, clones, rootstocks and, above all, climate. The Champenois have grown increasingly aware over the past few years that every commune has its own micro-climate which already dic-

tates the date at which harvesting can begin.

"What we're doing," says Laurent Panigat, who is in charge of the viticultural department of the CIVC, "is to establish a grammar for what has up until now been purely a spoken language." But, he insists, there is no necessary clash between traditional and

more modern ways of transmitting knowledge.

We will have to wait until around the millennium to learn just what this new language tells us about the future of the region - and how far it is capable of satisfying the world's thirst for the finest sparkling wines during the third millennium.

Unfortunately for champagne-lovers, the final decision will not be left to the technicians but will involve local political forces - who will inevitably dodge any change to the status quo. If they get their way it is perfectly possible that the world will run out of champagne sooner rather than later.

Wandering around the premises of some of the grandes marques which constitute the household names of champagne, you might be excused for believing that you were visiting so many factories producing baked beans or disinfectant.

With some multilingual *hôtesses* in uniform at your elbow rehearsing you once again in the functions of the endless batteries of sparkling stainless steel vats, clanking bottling lines and the space-age cradles that are *gyropalettes*, it is hard to experience the love for champagne which must affect the countless individuals who live in that large, amorphous region which stretches from far south of Troyes to north of Reims.

Champagne is, above all, a branded product but it is not exclusively so. If you want to smell the earth of the

Little names behind a big product

Giles MacDonogh visits some of the smaller champagne houses and considers what they have to offer

region, you need to visit some of the smaller growers. Their wines may sometimes lack the elegance or the finesse of the *grandes marques*, but their individualism can provide something which the vultures and technical wizardry cannot.

Anyone looking for character in champagne would be advised to pay a call on Anselme Selosse in Avize on the pure chardonnay Côte des Blancs. Selosse, who looks a bit like Marco Pierre White, is written off as a dangerous lunatic by nine tenths of the region.

I was sceptical at first: he leaned across the table and told me firmly that he was not mad, not a revolutionary, and that he made perfectly normal champagne. Then he started to throw books at me.

They were by his guru, the soil-doctor, Claude Bourguignon, the brainpower behind the *terroir* school of growers for whom all that is ultimately good and typical in a region comes from the minute nuances of soil, exposure and climate. Bourguignon had been up to look at Selosse's different soils and

filed a report. Now he thought he was getting the best from his wine: a real *champagne de terroir*.

Selosse is chiefly controversial for his use of oak barrels to ferment his champagne, of which a small amount are new. He makes his wine a bit like a great white burgundy, before bottling it and giving it the second fermentation which turns it into champagne.

In spite of accusations from his many detractors, Selosse is not looking for "oak juice", but he wants the wine to have the contact with the air which is only possible if you use casks. You know he uses oak when you taste his wines. They are all as individual as their maker: the "Extra Brut" has the bitterness associated with new world chardonnay, and there is a touch of oxidation which won't be everyone's cup of tea. My favourite was the 1988 vintage, which he is releasing now: it had digested the oak tastes and was long and luscious.

If Selosse is the new-wave, Georges Vesselle is the old guard. He lives in Bouzy on the Montagne de Reims,

the most famous *cru* in Champagne for pinot noir, the grape which is pressed to make white wines in the region, but which also makes all great red burgundy. Vesselle is famous for his Bouzy Rouge: the rare, red, still wine which

possesses a little plot of pinot noir which is partly used to make another rare, still, red champagne

takes you back to the time before Dom Pérignon put the fizz into champagne. Champagne is the northernmost wine region in France, and making proper red wine can be a labour of love in some years. When the sun has shone, however, the wine can take you by surprise.

There were years such as

1943, 1959, 1976, 1986 and 1997, when the vintage was so good that Bouzy Rouge tasted like good red burgundy, but, said Vesselle, it had to be old. To prove it he opened a 1959 and we drank the bottle.

Jacquesson, in Dizy in the Marne Valley, will be 200 years old next year, and to celebrate, it is scrapping its pretty, old labels. It is run by the Chiquet brothers, Jean-Hervé and Laurent who have about 50 hectares of vines if you include growers under contract.

Like Selosse, the Chiquets use some wood in their winemaking, but it is inert, old oak, the traditional method which does not flavour the wine. Some of their best vineyards are on the Côte des Blancs and their vintage Blanc de Blancs is one of the best there is. The 1989 Signature is also a superb wine.

Paul Georg is a small co-operative in Vertus on the Côte des Blancs which properly cares for the wines of its members. The name is used on the export market only. Vertus is now chardonnay country, but it was not always so, and the village

possesses a little plot of pinot noir which is partly used to make another rare, still, red champagne, and partly to make a rosé.

Paul Georg's best wines are pure chardonnays: a fine, biscuity, blanc de blancs, and a vintage 1990 with that lovely hazelnut smell.

Bruno Paillard is a small man grown big, and he seems to get bigger every day. In 1981 he was just a broker. Then he started a champagne house under his own name. Paillard went from strength to strength. He took over the older firms of Boizel and Chanoine Frères, and, at the end of November, his group of companies bought 98 per cent of the houses Philipponat and Abel Lepitre.

The house of Bruno Paillard does not look much like the old world, rather more brutally the new: a huge blockhouse on the outskirts of Reims set among a litter of carpet, car and DIY showrooms. Paillard reserves art for the labels he fixes on his fine champagnes.

He is one of the few now to make a proper "Crémant".

It was my first glass. It too is partly made in (old) wood, and like Selosse's champagnes, the 1988 was notably vinous - more like great wine with bubbles than champagne as we normally think of it. There was even a slight earthiness to it coupled with great elegance and "breed".

The Clos des Goisses has

always been one of the most famous wines in Champagne, but while the estate was owned by the slick Bordeaux firm of Marle Brizard, its fame was not much put about abroad. All is set to change now: Jacques Paillard the Champenois is in control, and let us hope he will invest it with the right degree of love.

Information: Jacques Selosse, from £16.50 from Oldacre-Field, 0161-929 7064; Georges Vesselle, £16.95 for the 1988 from Stones of Belgravia 0171-255 1612; Jacquesson, from £18.95 from Selfridges; Paul Georg, from £14.78 from The Champagne House (also stocks Selosse), 0171-928 4615; Bruno Paillard, from £16, Berkmann Wine Cellars 0171-658 4711; Clos des Goisses £563 for a case of six from Cellars Direct, 0191 495 5000.

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MOTORING / SPORT

Road Test

Load-lugger
with a
touch of class

Stuart Marshall finds an affordable compact estate

Estate cars come in two main kinds: load luggers and lifestyle enhancers. The former sacrifice styling to maximise carrying capacity. The latter give up some interior space for the sake of their looks – but will still carry things too bulky for any bootied saloon or some of the sleeker hatchbacks of similar size.

It seems that load-lugging estates pure and simple might be an endangered species; endangered, that is, by the multi-purpose vehicle (MPV). Volvo has knocked on the head its old rear-wheel drive estate, a big, boxy car that was the darling of the antiques trade.

It had all the elegance of a 40ft container but, rear seats folded, was unmatched for carrying capacity since the earlier demise of the Peugeot 505, which even provided three forward-facing rows of seats.

Ford, Citroën, Mercedes-Benz and Vauxhall still produce large Scorpio, XM, E-Class and Omega estates. In the load-lugging class, Peugeot now has only the 806 MPV, a good vehicle if hardly a successor to the 505 estate. Buy-

ers of smaller, stylish estate cars, however, are well catered for. Few combine elegance and carrying capacity as well as the Citroën Xantia. For prestige, the BMW 3-Series Touring (an estate in all but name) is unmatched, though Audi's A4 Avant is snapping at its heels.

Exhaust
emissions
and fuel
consumption
are both
very low

Prices are in the £17,000 to £25,000 range. There are, of course, plenty of more affordable cars in the same compact, slightly sporty niche. One of the best is the Vauxhall (Opel) Vectra estate, priced from £13,960 to £21,800.

Vectra estates are powered by 1.6-litre and 1.8-litre four-cylinder and 2.5-litre V6 petrol engines or a 2.1-litre turbo-diesel which is the most advanced of its kind avail-

able. It has direct injection, offering better economy than the indirect injection systems still found on most diesel cars. A single overhead camshaft operates four valves per cylinder; the 10,000 mile/16,000km service intervals are the same as for the petrol engines.

The environmentally aware can drive it with a clear conscience because its exhaust emissions are 20 per cent lower than the European Union standard and its fuel consumption remarkably low.

During an extended test of a Vectra CDX turbo-diesel estate, using it as a typical private buyer might, I averaged 44.8mpg (6.4l/100km). I am not a tyre squeaker at traffic lights but nor do I hang about on motorways. The Vectra also had a great many short runs after cold starts and more than its fair share of being driven in slow traffic.

For much of the time it was quite heavily loaded and during hot weather the air-conditioning – fitted as standard to all Vectras bar the cheapest entry model on which it is an optional extra – was permanently on. On a long, unhurried journey, better than



The Vauxhall Vectra estate: an adequate – and cheaper – alternative to the more prestigious marques

50mpg (5.6l/100km) was easily achieved. So, full marks for the Vectra TDI's fuel economy.

Unlike many of its rivals, the original Vectra TDI lacked an intercooler, which is a heat exchanger reducing the temperature of the air leaving the turbo-

charger's compressor and thus improving combustion efficiency. An intercooler is now available on Vectra TDIs, increasing engine output from 82 horsepower to 100 horsepower.

The effect on fuel consumption is marginal (an increase of about

3 per cent) and exhaust emissions are unaffected but the power boost is considerable. Unlike some of the go-faster commentators, I was never embarrassed by the original Vectra turbo-diesel's alleged lack of power. (I prefer to make good progress by reading

the road well ahead, not by giving the engine a hard time.) Having said that, the inter-cooled, 100 horsepower Vectra TDI estate I am now driving has significantly more get up and go without any loss of refinement. The extra urge in fourth and fifth gears is appreciated on long hills and makes overtaking quicker and safer.

The Vectra TDI always started instantly in the morning; only once, when the temperature fell to -5°C overnight, did I have to wait a couple of seconds for the pre-heat warning light to go out. I never saw any exhaust smoke at start up or when accelerating hard, proving the engine's cleanliness. Routinely tanking up with low-sulphur City diesel may have helped.

At 4.49m (14ft 7in) long, the Vectra estate was big enough for relaxed long journeys, compact enough to be nimble in town and easily parkable. Suspension and seats are fairly firm, the power-steering nicely weighted and handling tautly competent. Rear seats up, the load space takes two carefully stowed sets of golf clubs and two power trolleys, though not with the cover pulled over.

The £21,800 Vectra CDX TDI estate is well equipped. Standard items include ABS brakes and cruise control, climate-controlled air conditioning, a built-in Traficmaster giving advance information on motorway hold-ups, six-disc CD autochanger, electric windows all round and heated, power-adjusted outside mirrors.

A useful trip computer displays, among other things, instant and average fuel consumption, range, time, radio station selected and outside temperature with flashing frost warning. As a marque, Vauxhall (or, for that matter, Opel) may lack the status of Audi or BMW, but a Vectra estate is an adequate – and cheaper – alternative to a 3-Series touring or A4 Avant.

Classic Cars

The rebirth of a legend

Alexander McGregor on the new-found enthusiasm in the US for Nissan's 'Z cars'

The driver accelerates on to the freeway ramp in fourth, foot down, and the red Persimmon Datsun 240Z takes the 180 degree curve without even the hint of a wobble or a tyre squeal. Coming out of the turn, the car explodes on to the straight of the freeway, zipping past the Californian traffic with only open road ahead.

Everything about this 240Z is new except that it is 26 years old and the odometer says 64,000 miles. Although that could just as well be 164,000 or 264,000, it is hard to tell. The 1971 Datsun 240Z were resilient cars much used.

Now the 240Z, or what can be found of them, are being reborn. Californian fashion, as Nissan renovates and recycles its most famous car-line, (Datsun was reclaimed and renamed by its owner, Nissan, in 1983.)

Nissan has undertaken a program to buy up old Datsun 240Zs, and send them through Pierre Z's Auto workshop in south central Los Angeles where they are given a complete make-over and then put out on the market as a new "classic" 240Z.

There would be few better qualified surgeons to make-over the 240Z than Pierre Perrot, a service manager at Datsun dealerships who has worked exclusively on the Z-cars since 1980. The better part of three decades around them has done little to dim his French accent or his enthusiasm for the car.

Perrot strips the reclaimed Datsuns of their shells and then, while Nissan overhauls the engines, he and his team of nine rebuild the cars from scratch with all the hands-on dedication of fine art restorers.

The only noticeable differences to the original models are aesthetic – such as the new improved "bronzing" paint. Even so, colours are limited to the original seven choices, which include such gaudy names as Mexican Red and Safari Gold.

Any parts with any wear are replaced, and although original materials are used as much as possible a few pieces have had to be newly manufactured. The most noticeable being the dashboards, which are made in Japan, and the cooling system has been improved. There is now a double core radiator, and the original aluminium fan has been replaced by a bigger plastic fan.

Once having passed Nissan's 120-point inspection, the refurbished cars are offered for sale at one of the 10 Nissan authorised Z stores nationwide, with an estimated retail price of \$26,000. (In an open auction recently, one 240Z went for \$32,000 in three minutes.)

Already there are waiting lists of buyers, perhaps not surprising given the amount of nostalgia

generated by the car which not only was a breakthrough vehicle for Datsun/Nissan in the US, but also did much to revolutionise sports cars.

Production of the Datsun 240Z

The Datsun
240Z offered
the chance of
owning a sports
car at an
affordable price

started in 1969, and it began appearing in car showrooms in 1970. Over the next three years about 125,000 were sold, and by the early 1980s the sale of Z-cars – including subsequent Z-lines the 260, 280 and 280ZX – had

reached 1m, making it the fastest selling sports car ever. In the process, British dominance of the sports car ended.

Certainly the Datsun 240Z offered a generation of Americans the opportunity of owning a sports car at an affordable price. The Datsun 240Z had speed, styling and a list price of \$3,525 – half that of competitors such as the Mustang and the Corvette, and a third the cost of a Porsche.

It did not hurt sales, in the US especially, to design the car for the larger sized Americans. The Z-cars had plenty of head and leg room at a time when drivers of most other sports models were forced to climb into tight, capsule-size seats.

In 1996, after its 25th anniversary, sales of the Z-line had dropped to 1,400 units in a year and it was discontinued in

the US. By then the latest model, the 300ZX, had crept up to the luxury car price range, in the vicinity of \$50,000, at a time when the sports car market was shrinking. In the 1990s, the compact, economical Miata, set the pace.

"We've reached the end of the baby boom era," says Mike Sage, owner of the largest Nissan dealership in the US. "Sports cars are perceived as an indulgence and finances aren't so readily available for that."

Then in a remarkable example of corporate schizophrenia, a year after stopping the Z-car, Nissan announced plans to celebrate its glorious past by starting a program to renovate the old 240Zs.

"The end of an era and the birth of a legend," was the tag line, as Nissan buyers started scouring the sunbelt states – the

"rust-free" states – from California to Texas for suitable wrecks, if not for renovation then for parts. Needless to say, the price of any old 240Z, no matter what the condition, trebled overnight.

The initial contract with Pierre Z's workshop was for 200 cars. In six months, they have produced 12 completely refurbished 240Zs, and according to Perrot, the production rate will pick up speed "now we are doing one car a week".

For dealers, they cannot come quick enough. "I have a waiting list of buyers," says Sage.

The newly renovated 240Zs are as good as new, if not better, than the original, and come with a 12-month, 12,000-mile limited warranty. Ironically, while they might be as durable and as driveable as they ever were, Perrot admits that for most buyers they will remain a collector's item, perhaps brought out for a weekend jaunt.

"One of my clients is a doctor who had to sell his 240Z when he was a student. Now, after his family have grown up, he is buying back his dream – but I think that he is keeping it in his garage."

Cricket

When winning
becomes too easy

Canute James on efforts to stop the rot in West Indian fortunes

There are few better indications of the extent of the decline in West Indies cricket than the relief that greeted the team's success in crawling past 300 runs in a Test innings during the recent and embarrassing tour of Pakistan. Equally instructive was the inability of the bowlers to defend almost 300 runs in a one-day match.

Pakistan's comprehensive dismantling of what was,

until recently, one of the more formidable machines in the game might have softened up the West Indians for next month's assault by Michael Atherton's England team. It has certainly forced those running the game in the Caribbean to try to find immediate answers to some pressing problems, despite signs of recovery in the Sharjah tournament.

The loss of form has not been sudden. The team was performing sporadically a

year ago in Australia when the West Indians were beaten. The struggle was obvious in this year's home series against India and Sri Lanka. These recent performances were far removed from the predictable victories of a decade ago.

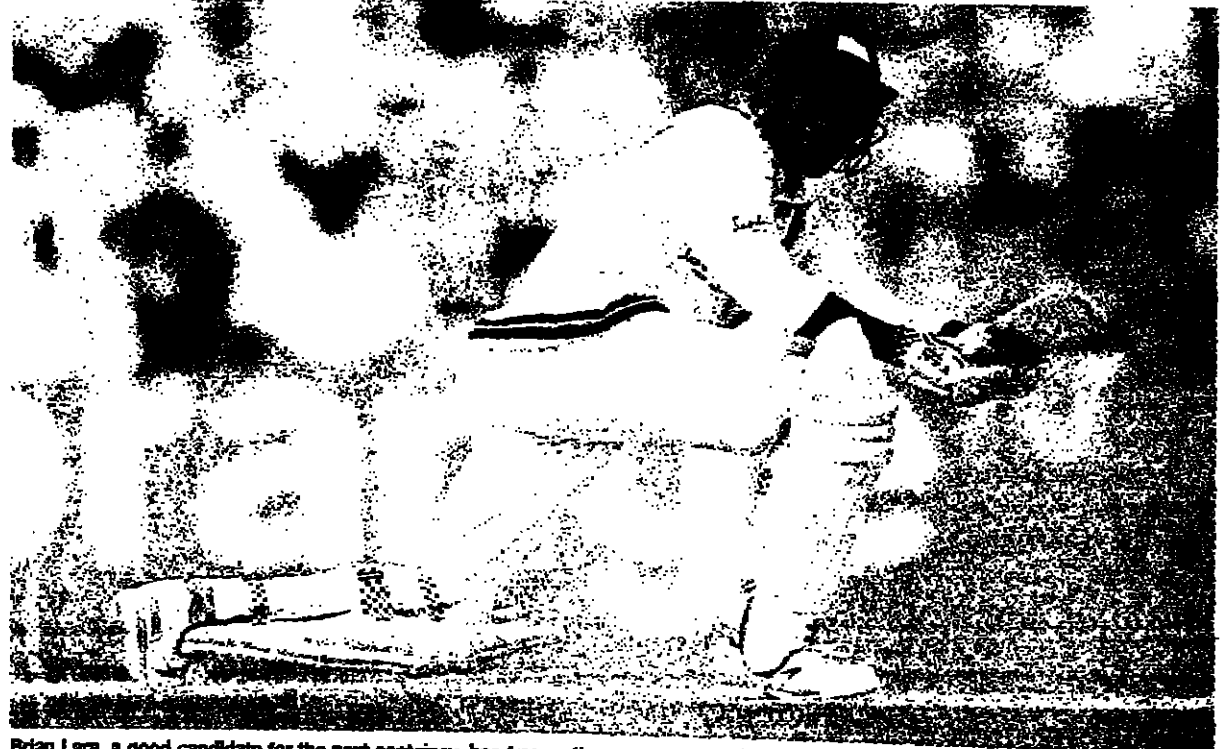
Much has to do with attitude, both on the players' part and the administrators'. Winning became a habit, and one easily acquired. The team would lose the odd match or two, but the combi-

nation of talents in all departments of the game gave the West Indians a psychological advantage over their opponents, which counted for runs and wickets before a ball was bowled. Such was the ease of victory that quite a few things were taken for granted. Fast bowlers do better on responsive wickets. Not only are they being denied such pitches by their opponents, but also by West Indian curators themselves, who do not know as much as they would like about local soil conditions. Batsmen who were used to the ball coming on had great difficulty in negotiating anything which did not.

Churlish opinion in the Caribbean contends that it is all a result of the fall of a once-mighty team. This ignores the fact that other teams are doing much better, matching and now overtaking the West Indians. Despite the obvious differences in the levels of talent in international cricket, it is becoming increasingly foolhardy to predict the outcome of any tour.

But if the rest of the world has caught up with the West Indies, the problems for the game in the Caribbean have been exacerbated by the seeming unwillingness or inability of the administrators to be innovative with the structure and composition of teams.

There has been merit in the West Indian approach to persevere with players who show talent and promise but



Brian Lara, a good candidate for the next captaincy, has frequently expressed his desire to lead the team

who might go through bad patches. Had this not been so, the world might have seen very little of Vivian Richards. But this need not prevent administrators and selectors taking bold and sensible decisions. Many in the region knew little of Michael Holding when Clive Lloyd insisted he be given a place on a tour to Australia.

The problem for West Indies cricket has less to do with the diminishing talent of the players and more to do with the fact that players and administrators, long used to winning, have apparently stopped trying. So deep is the rot that cynics and cognoscenti alike are speaking of dramatic team changes for the forthcoming series against England.

Inevitably, questions have centred on the captaincy of the West Indies. Courtney Walsh, who took over after the traumatic departure of Richie Richardson, is the

consummate team man, and clearly one of the best bowlers in the game. But there is very little to compensate for his phlegmatic disposition. He is conservative and predictable when innovation seems appropriate.

Walsh refuses to be drawn about stepping down. He will meet the West Indies Board when the team returns home from this week's one-day tournament in Sharjah. Not many expect he will stay on as captain, or that he will be asked to, although he might continue to play. The captaincy should fall to Brian Lara, who has frequently expressed his desire to lead the team.

Lara has already indicated that he knows more than a few things about field strategy. What the administrators and West Indians hope is that he will concentrate more on the game, and speak less off the field – about himself, and angrily to

members of opposing teams. Resolving the issue of the captaincy alone will not be enough. A captain, though he may be brilliant at the game and inspirational, might not on his own be able to change apparently institutionalised bad habits and attitudes in the players.

West Indian players, who appear to have concluded that they have security of tenure, should be made to compete for their places.

While the West Indies was being humiliated in Pakistan, the "A" team has been touring South Africa. The selectors would do well to present some new faces in England, and to members of the present West Indies team. Statistics of past batting and bowling performances cannot provide the basis of selection.

But West Indies cricket, in the West Indies itself, is more than a sport. It is a form of politics, which is at

once a fragile adhesive in a fractious region and an avenue for the most base parochialism. When the team was doing well, voices questioning the selectors' choices were understandably muted. Now there is cacophony.

Nationalism informs much of the criticism. The more dispassionate voices concur, however, that the West Indies Board must be prepared to deal with the rot.

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INTERNATIONAL ARTS GUIDE

What's on
around the
world

AMSTERDAM

EXHIBITIONS

Rijksmuseum

Tel: 31-20-673 2121

● Medieval illustrated histories: the Hausbuch and its Master. Drawings, prints and a panel painting by the Master of the Amsterdam Cabinet, including the 64 sheets of the Hausbuch, which has been taken apart for restoration; to Jan 18

● On Country Roads and Fields: tracing the development of Dutch landscape painting through the 18th and 19th centuries, including examples of the Hague School and turn-of-the-century works by Van Gogh and Mondrian; to Mar 3

Stedelijk Museum

Tel: 31-20-673 2911

www.stedelijk.nl

● Medieval Works on Paper from the Khardzhiev Collection. Exhibited for the First Time. 79 drawings in pencil, chalk, gouache, ink and watercolours, spanning almost the whole of the Russian avant-garde artist's career; to Jan 25

OPERA

Netherlands Opera, Het

Muziektheater

Tel: 31-20-551 8911

● Dialogues des Carmélites: by Poulenc. New production conducted by Yves Abel in a staging by Robert Carsen. Cast includes Joan Rodgers and Sheri Greenwald; Dec 22, 25

BARCELONA

EXHIBITIONS

Fundació "la Caixa"

Tel: 34-3-207 7475

● Madrid-Barcelona, 1930-1936: brings together a group of around 100 avant-garde works from the period of the Second Republic, before the Civil War. Includes paintings and sculptures by Picasso, Miró and Dalí, along with photographs, posters and films; to Dec 21

● Rembrandt: The Human and the Natural Landscape. 91 etchings from the Rembrandt House Museum in Amsterdam. The exhibition will transfer to Madrid; to Jan 11

BERLIN

CONCERTS

Philharmonie

Tel: 49-30-2548 8354

● Berlin Philharmonic Orchestra: conducted by Daniel Barenboim in works by Mendelssohn, Rihm and Bruckner; Dec 20, 21

OPERA

Deutsche Oper

Tel: 49-30-34384-01

● Hänsel und Gretel: by Humperdinck. Premiere conducted by Olaf Henzold in a staging by Andreas Homoki; Dec 21

● Le Nozze di Figaro: by Mozart. New production conducted by Christian Thielemann and staged by Götz Friedrich, with sets by Herbert Wernicke; Dec 25

BOLOGNA

OPERA

Teatro Comunale

Tel: 39-51-529 999

● Turandot: by Puccini. Revival conducted by Daniele Gatti in a staging by Hugo de Ana; Dec 21

BONN

EXHIBITIONS

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland

Tel: 49-228-917 1200

● Kunsthaus Bremen: selection of important works including paintings, sculptures and copper engravings from the collection of the Kunsthaus Bremen; to Jan 11

CHICAGO

EXHIBITIONS

Art Institute Of Chicago

Tel: 1-312-443 3600

www.artic.edu

● Irving Penn, A Career in Photography: 150 prints, from every stage of Penn's career. Includes fashion photography, portraits and ethnographic series; to Feb 1

● Renoir's Portraits: Impressions of an Age. Around 65 paintings spanning the artist's career, of subjects including Claude Monet and Madame Renoir; to Jan 4

OPERA

Lyric Opera of Chicago

Tel: 1-312-332 2244

www.lyricopera.org

● Amistad: world premiere of Anthony Davis's new work about the 19th century anti-slavery campaign. Dennis Russell Davies conducts a production by George C. Woolfe; Dec 20

CLEVELAND

EXHIBITIONS

Cleveland Museum of Art

Tel: 1-216-421 7340

www.clema.org

● When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 84 precious textiles from the 8th to 15th centuries, when they were of immense economic and cultural significance. Including the most important known "cloth of gold". The exhibition will travel to New York; to Jan 4

COPENHAGEN

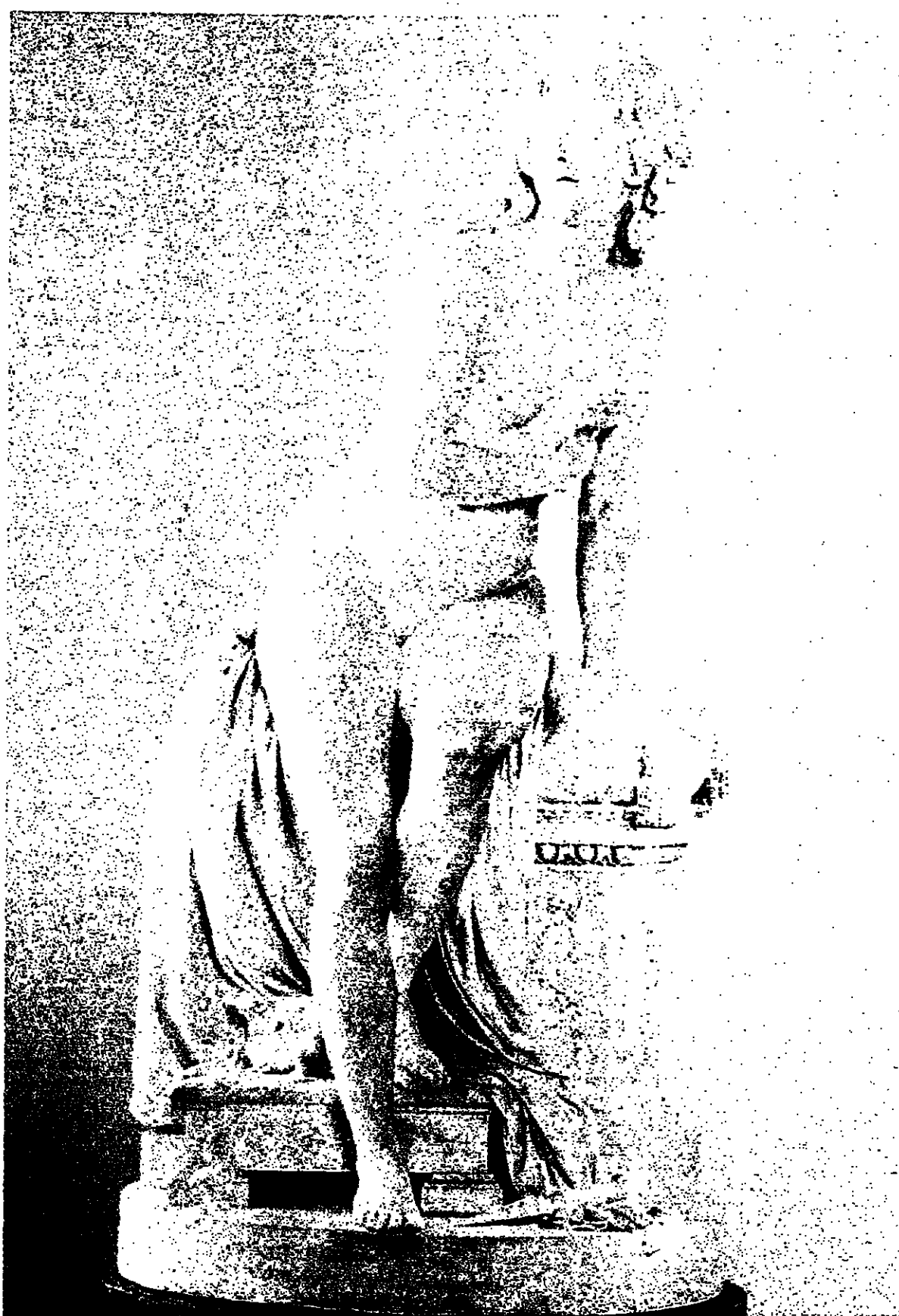
EXHIBITIONS

Louisiana Museum of Modern Art, Humlebaek

Tel: 45-4919 0719

www.louisiana.dk

● Alberto Savinio, Paintings 1927-1952:



'Psyche Abandoned', 1790, a marble statue by Augustin Pajou, at the Louvre until January, then travelling to New York

around 30 still lifes, landscapes and mythological compositions by the relatively unknown brother of de Chirico; to Jan 11

FRANKFURT

EXHIBITIONS

Schirn Kunsthalle

Tel: 49-69-259 8820

● Holy Russia: icons and the Rise of Moscow 1400-1600. 50 icons lent by Russian museums are the centrepiece of this exhibition, which also includes 16 manuscripts. The period was a crucial one, which marked the rise of Moscow as a principality ruled by powerful Tsars. To Mar 1, after which the exhibition will travel to London

GLASGOW

EXHIBITIONS

Burrell Collection

Tel: 44-141-649 7151

● Sir John Lavery (1856-1941): The Irish Glasgow Boy. Highlights include 'The Tennis Party' (1885), 'State Visit of Queen Victoria to the Glasgow International Exhibition' (1889), and major portraits in which the influence of Whistler is clearly visible; to Jan 25

HONG KONG

EXHIBITIONS

Hong Kong Museum of Art

www.usd.gov.hk/CE/Museum

● National Treasures: Gems of China's Cultural Relics. Major exhibition assembling some 160 works of art on loan from China's 30 museums. Includes bronzes, jades, ceramics, paintings and tapestries, some of which have never travelled before; to Mar 1

HOUSTON

EXHIBITIONS

Museum of Fine Arts, Houston

Tel: 1-713-639 7750

● The Dark Mirror: Picasso, Photography and Painting. More than 300 works, the majority of them photographs, which will illustrate the relationship between the various media in which Picasso worked. The display includes studies of works in progress, self-portraits, and photographs of Rousseau and Braque. The exhibition has been seen in Paris and will travel to Japan; to Feb 1

LONDON

CONCERTS

Barbican Hall

Tel: 44-171-638 8891

● Christmas Carol Concert: Richard Hickox conducts the London Symphony Orchestra and Chorus in a programme including Humperdinck's Hänsel und Gretel Overture and extracts from The Nutcracker; Dec 20, 21

DANCE

Royal Festival Hall

Tel: 44-171-9288800

● The Royal Ballet: programmes combining Ashton's Les Patineurs, Tales of Beatrix Potter, and Peter and the Wolf; Dec 23, 26

EXHIBITIONS

Hayward Gallery

Tel: 44-171-261 0127

www.hayward-gallery.org.uk

● Objects of Desire: The Modern Still Life. Exploring 20th century developments of a 400-year-old genre, this show ranges from Picasso and Matisse to Oldenburg and Warhol; previously seen in New York; to Jan 4

National Gallery

Tel: 44-171-939 3321

● Making & Meaning: Holbein's Ambassadors. This recently cleaned double portrait by Hans Holbein the Younger pictures two French ambassadors to the court of Henry VIII in 1533; to Feb 1

National Portrait Gallery

Tel: 44-171-3060055

● Hyenas in Petticoats: Mary Wollstonecraft & Mary Shelley. Celebration of the joint bicentenary of the two women writers: Through portraiture, drawings and manuscripts the display examines their lives, times and writings; to Feb 15

● Sir Henry Raeburn (1756-1823): previously seen in Edinburgh, this exhibition of some 60 paintings includes the major portraits belonging to the National Gallery of Scotland as well as loans from abroad; to Feb 1

Royal Academy of Arts

Tel: 44-171-939 7438

● Sensation: Young British Artists from The Saatchi Collection. Showcase of works by some 40 artists including Damien Hirst, Marc Quinn, Mark Wallinger and Rachel Whiteread; to Dec 28

Tate Gallery

Tel: 44-171-937 8000

● The Age of Rossetti, Burne-Jones and Watts: Symbolism in Britain 1880-1910. Works by British artists including the pre-Raphaelites Rossetti and Burne-Jones are presented alongside those of European contemporaries; to Jan 4

● The Turner Prize 1997: display of works by each of the nominees on this year's all-woman shortlist: Christine Borland, Angela Bulloch, Cornelia Parker and Gillian Wearing; to Jan 18

Victoria and Albert Museum

Tel: 44-171-938 8500

● Carl and Karin Larsson: Creators of the Swedish Style. Recreates five rooms of the famous house at Sundborn, and examines its extraordinary impact on the interior design of our century; to Jan 18

● Zuloaga: Spanish Treasures from the Khalil Collection. First major exhibition devoted to the 19th century Spanish metalworker and his contemporaries; to Jan 11

THEATRE

Lyric Theatre, Shaftesbury Avenue

Tel: 44-171-494 5045

● Cyrano de Bergerac: by Edmond Rostand, translated and adapted by Anthony Burgess. West End transfer of the RSC production, starring Antony Sher and directed by Gregory Doran

LOS ANGELES

CONCERTS

Dorothy Chandler Pavilion

● New York Philharmonic: Klezmerfest. With the Andy Statman Orchestra and Klezmer Conservatory Band; Avery Fisher Hall; Dec 21

DANCE

New York City Ballet, New York

State Theater

Tel: 1-212-870 5570

● George Balanchine's The Nutcracker; Dec 20, 21, 22, 23, 26

EXHIBITIONS

Brooklyn Museum of Art

Tel: 1-718-638 5000

● Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter: to the Italian and French Riviera in the 1880s, to Venice in 1908. Assembled from public and private collections, these paintings provide a survey of the great impressionist's encounters with Mediterranean colour and light; to Jan 4

Guggenheim Museum

Tel: 1-212-423 3500

www.guggenheim.org

● Robert Rauschenberg: major retrospective consisting of some 400 works spanning the artist's 50 year career, in which photography and performance have been dominant themes. The exhibition begins at the Solomon R. Guggenheim Museum and continues at the Guggenheim Museum SoHo; to Jan 7

Metropolitan Museum of Art

Tel: 1-212-879 5500

www.metmuseum.org

● Drawings of Filippino Lippi and His Circle: first major exhibition of work by the Quattrocento painter. Of the 117 drawings on display, 80 are by Lippi, including rare loans from around the world; to Jan 11

● Jackson Pollock (1912-1956): Early Sketchbooks and Drawings. Display of 48 rarely seen pages from the Abstract Expressionist's sketchbooks, and 24 drawings; to Feb 8

● Picasso - The Engraver: Selections from the Musée Picasso, Paris. Around 150 engravings, etchings and woodcuts created between 1900 and 1942. The display includes sequences which show the development of individual images, carved woodblocks and metal plates; to Dec 21

● The Private Collection of Edgar Degas: sold at auction after his death in 1918, more than 200 19th century French paintings and drawings collected by the artist who once imagined establishing his own museum. Includes works by Ingres, Delacroix, and impressionists including Manet, with one room devoted to works by Degas himself; to Jan 11

Museum of Modern Art

Tel: 1-212-708 9480

www.moma.org

● Achille Castiglioni: Design! First US retrospective of the Italian architect and designer; to Jan 6

● Egon Schiele (1890-1918): The Leopold Collection, Vienna. Around 150 works by the Austrian Expressionist, dating from 1905 through 1918; to Jan 4

● On the Edge: Contemporary Art from the Werner and Elaine Dannheisser Collection. More than 80 works by artists including Tony Cragg and Cindy Sherman; to Jan 20

Whitney Museum of American Art

Tel: 1-212-327 2801

● Fashion and Film: running concurrently with the Warhol show, this film and video series traces the relationship between the two industries; to Jan 18

● The Warhol Look/Glamour Style: Fashion: major retrospective of around 500 works of art, following Warhol's career from the 1940s to the 1980s, and also including works by his contemporaries; to Jan 18

Metropolitan Opera, Lincoln Center

Tel: 1-212-362 6000

www.metopera.org

● Don Giovanni: by Mozart. Production by Franco Zeffirelli; Dec 20

● Il Barbiere di Siviglia: by Rossini. Revival of a staging by John Cox; Dec 20, 24

PARIS

EXHIBITIONS

Centre Georges Pompidou

Tel: 33-1-4778 1275

www.crcg-pg.fr

● Bruce Nauman: spanning the career of the American artist, b.1941, this exhibition focuses on his relationship with language, and includes sound and video installations. The exhibition will travel to London and Helsinki; to Mar 9

Musée d'Art Moderne de la Ville de Paris

Tel: 33-1-5367 4000

● Gilbert & George: major retrospective of the British artists, comprising some 120 works and spanning their career from their meeting at St. Martin's School of Art in 1968 to the "Fundamental Pictures" of last year; to Jan 4

Musée du Louvre

Tel: 33-1-4020 5151

www.louvre.fr

● A Mission to Persia 1897-1912: display of pictures, objects and photographs retracing the archaeological expedition led by Jacques de Morgan, paying tribute to his career and the mission's discoveries about the ancient civilizations of Iran; to Jan 5

● Etchings from the Low Countries: display of 110 copper etchings dating from the 15th and 16th centuries. Includes works by Lucas de Leyde and Dürer; to Jan 5

● Pajou, sculpteur du Roi: first retrospective devoted to works by the French sculptor (1730-1809), successful in the French Royal Academy of Painting and Sculpture and a favourite of Louis XV and Louis

XVI. The display includes Pajou's five most famous marble statues, portrait busts and drawings. The exhibition will travel to New York; to Jan 19

OPERA

Opéra National de Paris, Opéra

Bastille

Tel: 33-1-4473 1300

● La Traviata: by Verdi. Production directed by Jonathan Miller and conducted by James Conlon. Angela Gheorghiu sings the role of Violetta with Ramon Vargas as Alfredo Germont; Dec 20, 24

Opéra National de Paris, Palais

Garnier

Tel: 33-1-43436696

● The Merry Widow: by Franz Lehár. Armin Jordan conducts a new production directed by Jorge Lavelli, with sets by Antonio Lagarto; Dec 22, 23, 26

ROME

EXHIBITIONS

Musei Capitolini

● Henri Matisse: more than 200 works are included in this major exhibition, which aims to demonstrate the profound influence of Oriental art upon the great modernist. Documents made available by the Matisse archives have made it possible to clarify the nature of the relationships between Matisse and various Oriental experts living in Europe at the time; to Jan 20

Palazzo Venezia

Tel: 39-6-6999 4259

● Pietro da Cortona (1597-1668): celebrating the 400th anniversary of the birth of the Italian baroque artist, this retrospective comprises around 100 paintings, as well as architectural drawings and a group of sculptures; to Feb 10

VENICE

EXHIBITIONS

Palazzo Grassi

Tel: 39-41-523 1680

● German Expressionism: Art and Society. Kirchner is at the centre of this selection of works, dating from around 1910 to the mid-1920s. Other artists represented include Meidner and Marc; to Jan 11

VIENNA

EXHIBITIONS

Jüdisches Museum

Tel: 43-1-535 0431

www.jmw.at

● Max Liebermann: selection of paintings by the German Impressionist dating from the period 1900-1918, during which the Jewish haute bourgeoisie flourished. Liebermann was an active collector of the French Impressionists, and his collection is partially reconstructed here; to Jan 18

KunstHausWien

Tel: 43-1-712 0495

● Herb Ritts: first European retrospective of work by the American photographer. Previously seen in Boston, the exhibition ranges from portraits of Hollywood celebrities to images of Africa; to Jan 18

Kunsthistorisches Museum

Tel: 43-1-525240

● Pieter Bruegel and Jan Bruegel: comprehensive survey of the art of the two sons of Pieter Bruegel the Elder. Includes around 130 paintings and 20 works on paper by Jan Bruegel the Elder (1568-1625) and his less celebrated brother Pieter Bruegel the Younger (1564-1637/8). The exhibition also includes a dozen important works by his father, enabling visitors to trace his influence upon the technique of his sons; to Apr 14

WASHINGTON

CONCERTS

Kennedy Center

Tel: 1-202-467 4600

● National Symphony Orchestra: Handel's Messiah, conducted by Claudio Scimone. With the Baltimore Choral Arts Society; Concert Hall; Dec 20, 21

DANCE

Kennedy Center

Tel: 1-202-467 4600

● Joffrey Ballet of Chicago's The Nutcracker; Opera House; Dec 20

EXHIBITIONS

National Gallery of Art

Tel: 1-202-737 4215

www.nga.gov

● Lorenzo Lotto: Rediscovered Master of the Renaissance. 50 paintings, many of them on loan from churches and museums in Italy; to Mar 1, after which the exhibition will travel to Bergamo and Paris

● Thomas Moran (1837-1926): first retrospective devoted to the American landscape painter. Featuring 100 oils and watercolours including a selection of the famous Yellowstone pictures, painted on a survey expedition in 1871, which influenced Congress's decision to create their first National Park. To Jan 11, after which the exhibition will tour to Tulsa, Oklahoma and Seattle; to Jan 11

THEATRE

Kennedy Center

Tel: 1-202-467 4600

Weekend Investor

Wall Street

It's been a great year, calendar-wise

But, John Authers reckons, in baseball terms, it ain't over till it's over

To paraphrase a great New York luminary: it ain't over till it's over. Such wisdom from Yogi Berra, the New York Yankees' great catcher, seemed particularly apt at the end of this week, as the US stock market refused to enter its customary end-of-year hibernation and instead embarked on a nasty two-day slide.

The market looks as though it will remain volatile until the end of the year, and until the effects of the Asian currency crisis on the US economy, and specifically US corporate earnings, begin to become clear.

It therefore seems a little dangerous to attempt to wrap up the trends for the year.

However, a look at the winners and losers for the year so far, up until more bad news from Japan induced yesterday morning's latest share price slide, reveals some distinct patterns.

These become clearer after analysing the winners in the hectic period since the Dow Jones Industrial Average peaked in the first week of August.

For the year as a whole, Wall Street was the winner in every possible sense.

The Standard & Poor's investment banking and brokerage sector was up 84.94 per cent for the year, reflecting the extreme advantage which Wall Street can be expected to derive from a bull market.

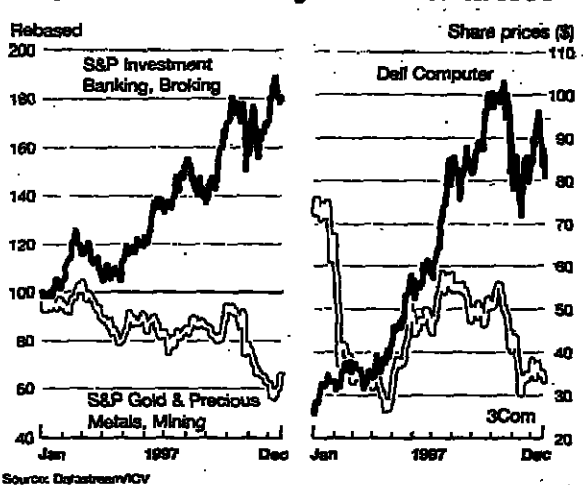
A strong equity market, with the S&P 500 index up 28.97 per cent for the year, boosted fund managers' margins, while encouraging more companies to dive into mergers and acquisitions, which boosted Wall Street earnings.

On top of all this, US investment banks had their own internal merger boom, with several deals that re-defined the way Wall Street works, headed by the takeovers of Morgan Stanley by Dean Witter and of Salomon by Travelers.

For the year as a whole, other powerful contributors include semiconductors (up 67.21 per cent) and computers (50.34 per cent), continuing the trend for the high-tech sector to pace the bull market.

As if to emphasise that

Mixed fortunes in a year of two halves



investment banking is the 1990's gold mine, the worst performing sector was gold and precious metals, down 40.88 per cent for the year.

A look at the best performing stocks for the year also reveals some predictable names. Dell Computer, the most successful discount computer manufacturer, gained 219.06 per cent for the year, making it the hottest S&P 500 stock. Top Dow stock was Travelers, up 84.91 per cent. Other strong performers for the year included Charles Schwab, the dominant broker for the new army of US retail investors, up 98.93 per cent.

On this basis, everything sounds like business as usual – the stock market continued to fare well, with impetus coming from both Silicon Valley and Wall Street. But the foundations of the market look far less secure than they did at the end of last year. While high-tech stocks have had a good year, investors needed to be much more discriminating than they were in the past. Several west coast giants have had an awful year, paced by 3Com (down 52.33 per cent), Apple Computer (down 3.33 per cent), and Oracle (down 18.71 per cent). Networking and semiconductor companies dominate the list of worst performers in the four-month period since the market's August peak.

Semiconductors rose 180.52 per cent in the first eight months of the year. Since then, they have dropped 35.82 per cent.

Asia, the prime export

market for the high-tech sector, has much to do with this reverse for the sector.

It also lies behind some nasty reverses for longer established corporate titans. For the year as a whole, only three of the 30 Dow stocks are in negative territory. All of them – Eastman Kodak, Boeing and Sears Roebuck – have had very specific and well-publicised problems. Since August 6, however, 18 Dow constituents are down.

These include International Paper, which like all paper companies is critically exposed to the world economy and is now down 23.69 per cent. Caterpillar has dropped 13.37 per cent in that period, having previously posted a 55.48 per cent advance.

Wall Street measures its own progress using the calendar year. On this basis, it has been a great year, and many investment bankers are receiving appropriate rewards in the form of annual bonuses this week.

But there is a worrying sense that with August, and the beginning of the Asian currency crisis, US stocks entered a new phase. Incidents like yesterday morning, when the Dow managed to lose 260 points before recovering, are likely to continue until the health of corporate earnings becomes clearer next month.

Dow Jones Ind Average

Monday	7,922.59 + 84.29
Tuesday	7,978.31 + 55.72
Wednesday	7,957.41 - 18.90
Thursday	7,846.50 - 110.91
Friday	

London

Pay up and take your chance

Philip Coggan looks into next year's crystal ball

It is the time of year to get out the tarot cards, hold hands round the Ouija board and try to guess what will happen to the UK stock market in the year ahead.

Alas, because of unforeseen circumstances, our regular soothsayer, Madam Zara, was unable to help out with the column. So we were forced to resort to those pin-striped pundits, the stock market strategists.

All turned out to be far too cautious with their forecasts for 1997.

Even the most optimistic cited in this column 12 months ago, NatWest and Panmure Gordon, opted for the FTSE 100 index to reach only 4,500-4,600 and 4,500 respectively.

Ian Williams, of Panmure Gordon, is a leading bull again this year. He thinks Footsie will reach 6,000 by end-December 1998, a target he put in place in August. "We are bullish about the

economic fundamentals," he says. "Our forecast of growth is above the consensus and our forecast on inflation is below it."

"We are also very optimistic about corporate earnings, which could grow by 11 per cent over the year. Gift yields should fall to 6 per cent at the 10 year level." His main concern is about Wall Street, where he thinks the market might be too optimistic about the outlook for earnings.

Richard Kersley, at BZW, is another strategist who has set a 6,000 target for end-1998.

He says: "We balance the concern about possible corporate earnings downgrades with the belief that interest rate expectations are too bearish. We think that rates will be coming down in the second half of the year."

"We also believe that the UK's economy is set to be a lot more convergent with the rest of Europe, and that

Britain's monetary union credentials will start to be priced in the market, good news for both bonds and equities."

Nick Knight, of Nomura, says the big surprise for 1997 was the fall in UK bond yields when most analysts were expecting them to rise. He thinks yields will fall a bit further in 1998, to 6 per cent, at the 10-year maturity, helping Footsie to push forward to 5,800.

He is expecting only single-digit growth in earnings, adding: "This is a bond-driven, not an earnings-driven, market."

David McBain, UK strategist at NatWest Markets, thinks Footsie will reach 5,700 by end-1998. "We're optimistic about the UK market on a 12-month view but we're cautious about the next few months, given the fall-out from Asia and the potential for a US rate hike."

"The UK economy will



The pundits line up to guess what's coming

slow but not go into a recession, and inflation could tick up over the next few months but will come down again. That, and a reduction in the public sector borrowing requirement, means that gilt yields will remain supportive at current levels.

"Despite the hit from Asia, there is still scope for earnings and dividends to grow, probably by 8 to 9 per cent and 7 to 8 per cent respectively."

McBain believes a key factor will be strong institutional cash flow. There will be not much in the way of new issues or rights issues and, with a combination of share buy-backs and cash takeovers, the result will be a negative net supply of equities.

Phillip Isherwood, of Dresdner Kleinwort Benson, sees a supportive bond market, with the yield on gilts getting closer to that on German government bonds.

He is opting for a Footsie target of 5,800 but feels the index could well outperform the rest of the market, thanks to its heavy concentration on the defensive sectors of oil, pharmaceuticals and financials. Earnings of non-financial companies will grow by just 6 per cent.

According to Isherwood, a supportive technical factor is that institutions have been selling UK equities for 13 consecutive quarters.

But, with companies returning cash to shareholders, this disinvestment from UK equities cannot continue forever.

Philip Collins, UK equity strategist at HSBC James Capel, thinks the market

will reach 5,500, with the main positive factors being earnings growth of 8 to 9 per cent and its high level of liquidity. But stock markets will be constrained by rising bond yields – "there's too much store been set in the theory that inflation is dead" – and the as yet unquantified effects of the Asian crisis.

Richard Jeffrey, Charterhouse group economist, says there is "quite a lot of downside risk in the market. Investors have come to the conclusion that the economy has slowed to a sustainable rate of growth, and I don't believe it has."

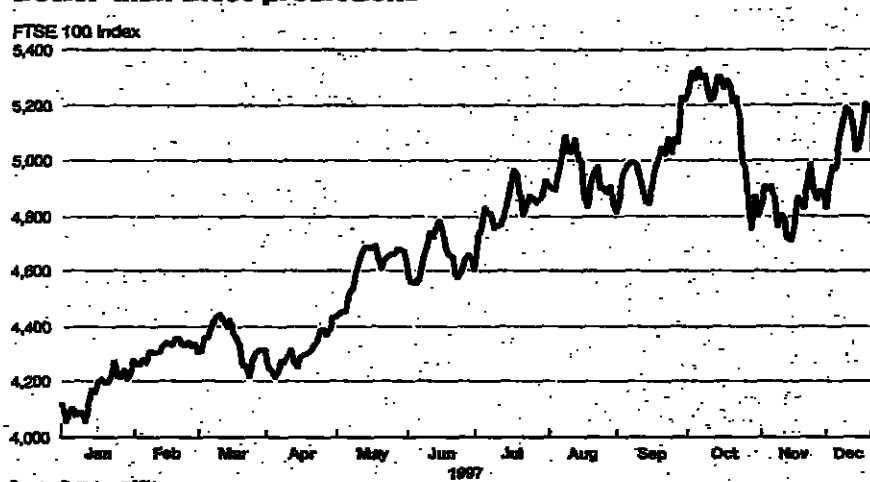
Jeffrey is expecting further interest rate rises in the first half of the year, forcing the market down by 10 to 15 per cent. But any dip will be temporary and, once interest rates have peaked, the market will rebound to end the year at 5,300.

Mark Brown, of ABN-Amro Hoare Govett, is the most bearish strategist. His Footsie target for end-1998 is a pessimistic 5,000. He is looking for a modest rise in global bond yields, and for growth of just 5 per cent in industrial earnings. He also assumes that, after one more rise to 7.5 per cent, base rates will be held at that level until 1999.

He adds: "It is difficult to see how the market can do much better than drift sideways in this environment – which is our central case. If the winds of equity risk premia from Asia really bite, then the market could fall significantly."

philip.coggan@ft.com

Better than most predictions



Highlights of the week

	Price	Change	52 week	52 week	
	1 day	on week	High	Low	
FTSE 100 Index	5020.2	-25.0	5330.8	4077.6	Far east markets slide
Biocompare	477 1/2	-117 1/2	1432 1/2	447 1/2	Deal hopes fade
Coates Viella	97	-4 1/2	142 1/2	90 1/2	Profits warning
Danica Bus. Systems	239	-304	790	206	Profits warning
Greynalls Group	427	+19 1/2	586 1/2	310	Improved figures
Hays	793	+26	850	515	Positive broker comment
IMI	405 1/2	+17 1/2	452 1/2	278	Positive broker comment
Inchcape	158 1/2	-20	308 1/2	158 1/2	Asian fears
Kingsfisher	843	+31	884	608 1/2	Broker recommendations
NatWest Bank	1010	+32 1/2	1081	663 1/2	Takeover talk
Nicomed Amersham	2250	+132 1/2	2502 1/2	1100	Footsie entry
Racal	257	+19 1/2	301 1/2	201	Directors buying
Sears	51	+4	95 1/2	46 1/2	Bargain hunting
Taylor Woodrow	171 1/2	+8	215	152	Hopes of strong UK housing market
Zeneca	2088	+94	2291	1585 1/2	Lehman Brothers recommends

European stock markets

A vintage year for the World-beaters

But 1998 will see big changes, says Jeffrey Brown. Can the momentum be sustained?

Europe was a good place to be this year. With Japan wallowing in the doldrums after June, and greater Asia cascading into crisis in the third quarter, it has been a vintage year for the FTSE 100. The FTSE 100 index, excluding the UK, is 27 per cent ahead in sterling terms up to December 19. This is not only a 50 per cent better return than the 18 per cent tracked up by the World index; it is also vintage stuff on its own terms. A gain of more than a quarter this year outpaces the 10-year average for FTSE 100 Europe by a factor of 4.5.

Of course, much depended on stock market selection. Europe contains two of the top four performers among mainstream markets, Switzerland and Italy.

These rose 47 and 43 per cent respectively, just behind Mexico (48 per cent) but ahead of the US (36 per cent). France was backmarker of the seven leading European economies, and Germany and Sweden also lagged.

The momentum came across the board. Competition from debt markets eased throughout the year, with bond yields trading steadily lower. And company profits stayed buoyant, with earnings growth accelerating to 23 per cent from 13 per cent in 1996.

At the same time, what stockbrokers like to call the "equity risk premium" subsided, with governments generally

overhauling their budgetary acts in order to qualify for economic and monetary union (Emu) – and keeping a tight lid on inflation in the process.

Over the past three months, there has been a certain amount of hesitancy as a result of the turmoil in Asia which has threatened the outlook for the global economy. Recent stock market performance has been mixed and increasingly volatile, notably in Germany.

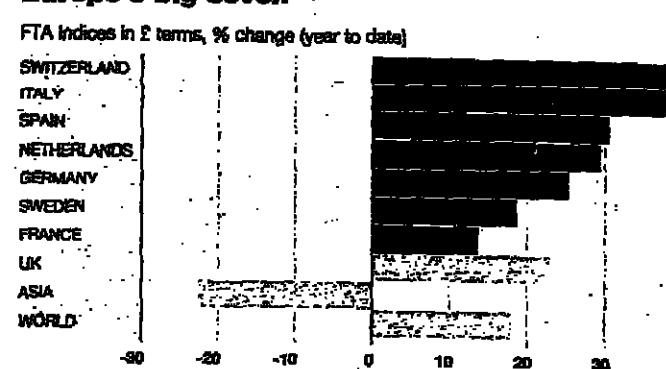
Can the pace be maintained? Both inflation and long bond yields are at their lowest levels for several decades and it is difficult to see debt markets rising much further. One nagging worry is that they will turn down and take equities with them.

At the same time, the political landscape is going through a

period of rapid and dramatic change. Europe could be a very different place in 12 months.

By early summer, the initial Emu members should be known, along with the line-up at the European central bank. The single currency is set to appear in 1999. With all this happening, it is not surprising that brokers' predictions for 1998 contain an even larger element of guesswork than is usual at this stage.

Europe's big seven



Source: Datastream/ICV

Most analysts are looking for further gains in earnings and share prices. According to US broker Goldman Sachs, the growth of company profits in Europe next year will average 15 per cent, with the range extending from 10 per cent for Italy to 20 per cent for France.

The US broker expects this to

fuel stock market gains of between 5 per cent and 20 per cent, but stresses the difficulty of making accurate predictions in view of the continuing high level of uncertainty in Asia.

Many analysts see restructuring, and the corporate sector's continuing efforts to improve returns on capital, as one of the more fundamental ways to drive value for European equities.

Plans revealed this month for Bank of Switzerland to become the world's largest insurer of the forces for change. One time, significant gains in the way Europe's funds approach portfolio management may well start to next year.

The potential impact on markets is enormous. Seven European funds, excluding the UK, sit on fund assets of more than £100 billion. They are heavily invested in equities and in bonds, and are being driven by Emu from currency concerns, and propelled by competition to improve performance. A significant shift into equities by these funds looks probable.

NatWest Securities suggests that a portfolio switch of just 10 per cent out of bonds could result in investments flows of £100bn, a large proportion of which is likely to find its way into European equities.

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FT WEEKEND

Ireland's most beautiful actress cupped my chin in her alabaster hand. "You have a classic Anglo-Irish face," she said. "And deep brown eyes - all Protestants have deep brown eyes."

I am neither Anglo-Irish nor Protestant and, the last time I looked, my eyes were green.

However, at that moment, I was not inclined to argue. If the lady had decided I was a seal, I would have happily flipped round the room balancing a ball on my nose for a single touch.

I am, for a while, leaving Dublin. The actress was invited to the party. It turned into a jolly affair.

There are few more glaring examples of the differences between the Irish and the English than their attitudes to partying. In England, invite people for an early evening drink and anyone who stays after 9pm is considered a drunken rake and automatically struck off the social list. In Ireland, those leaving such

a function before midnight are either thieves sneaking out with the silver or guests popping out for additional sustenance.

On the stroke of 6.30pm the door opened and in came Finbarr, the Dublin church owner, hotelier, greyhound fancier and master spoon-player. As generous as ever, Finbarr had brought a crate of drinks, a quantity of crystal and even a bag of ice. He had also brought some uninvited guests - two property developers, an undertaker, a waitress and a small man with an uncontrolled wink who said he did "a bit of this and a bit of that".

In all, 30 had been invited. By 8pm there were nearly twice

that number present and the floorboards, home to some of the country's more hyperactive types of woodworm, were showing the strain. Luckily, by the time the dancing commenced at midnight, the bulk of the party had moved to the basement in search of further victuals.

An auctioneer, nicknamed "The Lick", whispered in my ear. "Creditors are a terrible pest. You're best to get as far away as possible." I tried to correct him. My leaving was not a question of escape. Most bills had been paid. There were other reasons for going.

The Lick was unconvinced. "The country's booming. The

champagne is flowing and more oysters are sliding down throats than ever before. So why abandon ship?"

The actress slid past. Her heavenly scent momentarily blocked out the smell of choice red wine sinking into the Persian rug.

"That's one of the problems," I said. "Ireland is too successful. It's like Britain at the height of Thatcherism, far too strong and pleased with itself. You have to book three weeks ahead for lunch. Everyone talking about how much their house has gone up in value in the past week."

I warmed to my theme. "Look at the roads. A few years ago, rush hour in Dublin was the

time it took to leave the front door of the bar and sneak in the back. Now look at the city. Traffic jams at all hours, cars littering the pavements. It's as bad as Bangkok."

The Lick dropped his cheroot into the ashtray. Down the country, I said, things were even worse. In the old days, the cars ran on bald tyres and had doors held on by twine. There might have been two sheep in the back seat and the one headlight in operation was shining at Venita. But at least people motored along at only 10 miles an hour.

"Nowadays, all manner of modern machinery is flying down the horems, with your man at the wheel talking to his

broker on the mobile while the fellow on the tractor round the corner is reversing his muckspreader out of the gate.

"No wonder whole regiments of drivers are being consigned to the graveyards. The undertaker here has a gift in his eye. He probably has a measuring tape in his pocket."

The Lick, leaning against the mantelpiece, had nodded off. A man whom I had never seen before asked when people were going to leave. He said he had work to do. I pointed out he was in my house. "That's what they all say," he said.

I am not deserting Ireland entirely. The country deserves to be still there though due to some

rather rash outings at the bookmakers, the landholdings have been reduced to a solitary acre.

Sometime before dawn, I have a dim recollection of speedmaking. Beckett had gone to Paris, Joyce to Trieste, Wilde to Reading and I was bound for the Cotswolds. I said I needed to breathe some fresh air and shake the dandruff of complacency off my shoulders.

Party survivors say it was about this point that, overcome with bombast and emotion, I collapsed. The actress called the next day. It seemed she and The Lick had struck up a friendship in the dark hours and were heading off to New York.

"But why not come to the Cotswolds with me?" I asked. A tinkling giggle, like a gentle breeze blowing through a chandelier, echoed down the phone. "Oh, I could never do that. So boring. And anyway, my mother always wanted me off Anglo-Irish, brown-eyed Protestants."

Arcadia

Long on rural idyll and short on reality

Nick Martin treads warily in the country as portrayed by Britain's tabloids

The first faint rustlings as the hedgerow stirs into life. The chiming of the village church borne on the breeze from the far side of the valley as the silhouetted farmer steals a quiet look of satisfaction at the furrowed fields spread before him.

And then again, there is real life. When it comes to the countryside and the country way of life, the British tabloid newspaper has always been long on idyll and short on rural reality. Only at times of crisis - the campaigns for and against the fox hunt, the beef health scare - is the tabloid journalist prepared to pull out some boots and head off into the fields in pursuit of perspective.

For the rest of the time, tabloid reporters are content to view the countryside as a convenient spawning ground for tales of strange happenings and even stranger behaviour.

Study the rural stories that these papers carry and a pattern begins to emerge. There are very few essential elements, and those occur with astonishing regularity. They can be distilled into the following five rules of thumb:

1. Manure - slurry, muck, droppings: call it what you will, it's always a winner.
2. Conflict - friction arising from the whining of interlocking townies usually goes down well.
3. Europe - some reference to the peculiar ways of foreigners or (even better) interference by the European Union.
4. Madness - mental instability and/or unpredictable behaviour on the part of the rustic characters is helpful.
5. Health - If all else fails, try

and squeeze in a health angle. The more of the above any one story satisfies, the better. An almost textbook example of a "three-rule" story cropped up when it was reported that orders for British manure (rule 1) were being cancelled by German farmers (rule 3) after health scares (rule 5) concerning British cattle - and all of this under the frankly irresistible headline "Krauts ban Brits' dung".

On consider the following story, headed "Farmer in stink over manure". A farmer was taken to court after having been the subject of complaints about the frequency of his muck-spreading (rule 1), when the signature smell of the countryside wafting across the fields began to bother the residents of a nearby housing development.

The court duly found in favour of his neighbours, and to his obvious disgust the farmer found himself restricted to 15 spreading days a year.

"I felt the magistrates didn't seem to know about country matters," the farmer complained. "They seemed more like city people" (rule 2).

So far so good, of course, but the icing on the cake was supplied by the man from the National Farmers' Union who turned up in the nick of time to provide the missing element, helpfully volunteering the opinion that we were in danger of becoming like the Netherlands (rule 3), where muck-spreading is restricted by law to just four days a year.

"And where will it all end," asked the FU man, reflecting ruefully on the implications of the case, "with complaints about cows mooing or church bells ringing?"

COUNTRY MATTERS



FOREIGN EURO-TOWNIES IN MUCK HEALTH SCARE!

In the event, these remarks turned out to be uncannily prescient - readers of the tabloids over the past few months may well recall the following two-rule stories. First, we were introduced to the splendidly unpredictable (rule 4) and admirably alternative Midge Mather, who, madened by what she considered excessive bell-ringing in her village and fearing for her brother's state of mind (rule 5), broke into the church and restored peace by the simple if drastic expedient of cutting the bell ropes.

Then came reports of the rural environmental health officer who

received an official complaint from the new owner of a weekend cottage (rule 2) claiming that his health was beginning to suffer (rule 5) as a result of lack of sleep caused by the unacceptable din coming from the land of his farmer-neighbour - he described the sound as "a constant sort of beeping noise..."

Rule 1, meanwhile, emerges as the market leader for two-rule stories, and is perhaps at its strongest when twinned with rule 3. When farmers in the Netherlands, Belgium and northern Germany were accused of being so liberal with their muck-

spreading that the smell, breezing across the channel, was beginning to cause offence in southern England, the story ran under the headline "A pong for Europe".

Lucky, then, that the assiduous Brussels bureaucrats are already on the case. "Brussels noses towards anti-pong law" was a report on the imminent work of olfactometrists, who are trying to establish "smell factor norms" and to set limits of acceptable smell from European farmyards (and, happily for tabloid readers, in the process satisfying rules 1 and 3).

Rural stories observing only one of the rules are comparatively rare. The farmer who wanted to complain about his treatment at the hands of his bank was, however, clearly a student of the rules. He wisely opted to go straight for rule 1, driving his tractor to his local branch and depositing several tons of slurry on the doorstep - a cheap and effective way to ensure widespread coverage.

Almost any country story with a health angle can be worked up to fill a whole page, but it is perhaps worth highlighting that consistency within the same

newspaper is not generally considered essential.

Recently, for example, we were offered an article extolling the healthiness of country living - "Living in a city is bad for you". Barely a month later, the same paper was concerned enough about the health dangers of country life to present us with the starkest of warnings - "Country living can be bad for you".

This aspect of the tabloid world view may raise a chuckle, but the neglect of rural matters on the part of what is commonly referred to as the "popular press" (accounting for about 80 per cent of newspaper sales) is also disconcerting. It leaves the real concerns of country dwellers almost exclusively to the broadsheets.

Issues recently highlighted by the "serious press" have included the problems caused by the uncertain price of agricultural land; the social difficulties presented by the buoyant market in country property, fuelled by city-dwellers casting ever further afield for their weekend retreats; the government's requirement to build millions of new homes in the next 20 years to cope with the demands of an increasingly frac-

The terrible din was described as 'a constant sort of baaing noise...'

tured society; and the struggle for survival of once-thriving local general stores in the face of competition from out-of-town supermarkets; the list is a long one.

Yet, if it is fair to accuse the British tabloids of choosing to ignore the realities of country living, could the same accusation not be levelled at the majority of British people? After all, sales of any magazine with "country" in the title (Country Life, Country Living) attest to the rude health of the rural idyll.

Maybe it is true that in their hearts most urban Britons still privately nurture those images of village and church, farmer and field. And if it is true, then the tabloids would doubtless argue they are merely holding up a mirror to our own collective sentimental delusions.

But isn't it shame to take such a limited view of the great outdoors? There's a whole sector of the population and a way of life out there going through changes nearly as great as when mechanisation was first introduced, and yet the upheaval is taking place largely unreported by the popular press.

If only the story somehow fitted the rules: "Farmers missing, feared, abducted by social change". But it misses out on all five counts.

Metropolis

The making of a ghost town

Tourists are moving in and the residents are moving out of Toledo, writes Tom Burns

Seen from its surrounding hills, silent on a promontory above the Tagus River and perfectly compact within its medieval fortifications, Toledo looks like a ghost town. In a few years, it may be just that.

From a distance, only the long lines of buses parked outside the city's walls reveal there is life going on inside. Many of the city's population have moved out and been replaced by thousands of day-trippers, who are being led around the city's labyrinthine alleyways to visit convents, synagogues and museums.

Barring the heritage sites that draw the tourists, the rest of Spain's most historic city is on the brink of collapse. The urban landscape of close-knit sandstone buildings, peppered here and there by church towers, that has inspired artists from El Greco onwards, risks falling to the ground.

Toledo has for the past millennium withstood sieges, famines, the loss of political supremacy and economic decline; it now looks unable to survive the modern conveniences that consumers will demand in the coming era. Even the 13 ancient orders of nuns are seeking advice on how to adjust to changing times.

During the past 30 years, nearly 60 per cent of its population has migrated to a new town - complete with supermarkets, schools and sports centres - that has grown up beyond the city walls. There are 10,000 inhabitants left in old Toledo, of which a quarter are more than 65 years old, and they are moving elsewhere at the rate of 700 a year.

"In 10 years' time, there will be at best some 2,500 people living in a city that had a population of 50,000 in the 18th century, and still retained 25,000 in the 1960s," says Gregorio Marañón y Bertrán de Lis, chairman of the Real Fundación Toledo, an organisation of conservationists.

The Fundación Toledo, whose honorary president is King Juan Carlos and has some of Spain's biggest corporate names backing it, was created in the late 1990s with the aim of preserving the city's heritage. It has raised Ptas1bn (\$6.5m) for restoration

projects and campaigns to have television aerials removed in the old town and traffic flows reduced.

One of its more imaginative initiatives has been to provide legal advice for the enclosed orders of nuns, who live hidden away from the world in convents within the city walls. "They get by making confectiories, binding books and even creating wedding hats in one convent," says Marañón. "We pay for a lawyer who helps them cope with modernity, with tax forms, for instance."

A successful Madrid businessman, Marañón believes conservation is too limited a term. The overwhelming challenge is to come up with ideas to stop the town from falling down in the threat of nobody living in it any more. Even the convents have fewer than a dozen nuns each and most of them are elderly.

The Fundación Toledo has

commissioned what it calls an audit of the old town from a group of economists and urban planning experts to assess the problem of its vanishing population. The report, which has taken two years to complete, was the

'You have to be a fully paid-up romantic to buy a house in old Toledo'

first detailed study of housing conditions and civic amenities within the city walls.

The audit established that about 690 houses in the historic town, a quarter of the total, were partially or wholly empty and that, out of these, 115 buildings

were, in addition to their age, of exceptional architectural interest. As well, half of old Toledo's houses were in a state of greater or lesser disrepair and 85 monumental buildings, mostly convents and churches off the tourist track, had badly deteriorated.

As the old town's population shrinks, so do its amenities contract.

In the Toledo that the day-trippers do not visit, 30 per cent of the streets have uncollected rubbish and 194 shops have closed. The report lists 266 gift shops aimed at tourists and just 128 serving basic necessities to the locals.

With no health centres, cinemas or parks, the lure of the modern apartment blocks, built over garages and around tennis courts and swimming pools, is irresistible for Toledo's inhabitants. Even the regional government, which has its headquarters in medieval palaces in the his-

toric centre, is moving departments to the new town where most of its employees already live.

It is easier to pinpoint what has driven people from the old city than to conjure up what will bring them back. "You have to be a fully paid-up romantic and a semi-hero to buy a house in old Toledo, do it up and live in it year round," says Paloma Acuña, general manager of the Fundación Toledo.

She knows what she is talking about. Acuña has done that, although she continues to her office in Madrid.

Bringing home the weekly groceries means driving to the new town, and she has to park well away from her house because its surrounding streets are too narrow to admit a car.

Acuña has also discovered that Toledo, although packed with history and art, has a limited cultural life and that driving to Mad-

rid is a grid-lock nightmare for most of the 70km journey.

The future of Toledo lies in attracting a community of romantic heroes - professional people from Madrid or second-home seekers, who will gladly inhabit thick-walled houses whose roof-beamed rooms stay warm in winter and cool in summer. Most are built around ceramic-tiled patios and have deep underground wine-cellar.

New residents would bring in their wake businesses to service them, so Toledo's city authorities need constructive plans as encouragement. Eliminating the red tape required to restore buildings would be a start and providing incentives for those willing to rebuild old houses would help.

The Fundación Toledo has been lobbying for these and more. It also wants a non-stop commuter train to Madrid, to cut the rail journey of 30 minutes by half.

"We have to be incredibly imaginative if Toledo is going to remain standing," says Marañón. His weekend home, a hilltop 18th century monastery that was rebuilt by his grandfather, looks down on a Toledo that remains, for the time being, much as El Greco saw it.

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